

**DELORS PROPOSES NEW  
PARTNERSHIP WITH U.S.**

# EUROPE

JULY/AUGUST 1989 \$1.95

## The Revolution

**A FRENCH LEGACY  
LIVES ON IN EUROPE**







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# EUROPE

MAGAZINE OF THE EUROPEAN COMMUNITY



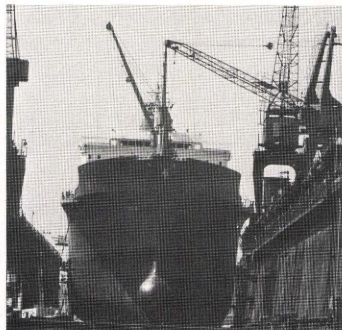
## U.S.-E.C. RELATIONS

**14 Delors Proposes "New Partnership" with U.S.**  
*Carola Kaps*  
The U.S. admires Delors' efforts to create a unified Europe.

**16 Reflections on Leaving Washington**  
*Roy Denman*  
After seven years, the E.C.'s Ambassador returns to Europe.

## DEPARTMENTS

- 4 Around the Capitals**  
Letters from Europe.
- 48 News of the E.C.**  
Recent developments in European Community affairs.
- 52 Books in Review**  
*James David Spellman*
- 56 The E.C.'s Bookshelf**  
Free publications available from the E.C.'s Information Service.



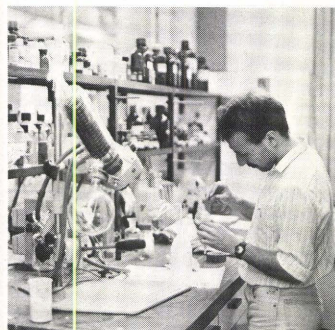
## BUSINESS

**18 The Ports of Europe**  
*Julian M. Weiss*  
Modernized technology is key to renewed international competitiveness.

**20 Northern Ireland: Foreign Investment Takes Off**  
*John Ritchie*  
The region is attracting many U.S. companies.

## INDUSTRY REPORT

**32 Publishing**  
*Leif Beck Fallesen*  
Despite language barriers, cross-border takeovers multiply.



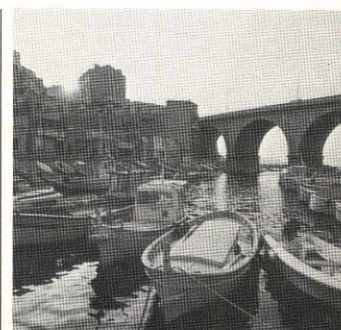
## EUROPEAN AFFAIRS

**22 The E.C. Summit**  
E.C. leaders discuss economic and monetary union.

**24 E.C. Citizens Elect New European Parliament**  
Results show shift to left-wing parties and environmental concerns.

**26 R&D: Europe Takes on the Challenge**  
*Philippe Guichardaz*  
With E.C. help, European science projects are thriving.

**30 Europe's Airlines Gear up for 1992**  
*David Black*  
Air transport deregulation will create greater competition.



## MEMBER STATE REPORT

**36 Jean Monnet: The Man**  
*John Wills Tuthill*  
A former U.S. Ambassador remembers this extraordinary Frenchman.

**40 France**  
*Diana Geddes*  
The economy's 1988 showing was the best in years.

**44 France Assumes the E.C. Presidency**  
*Colm Boland*  
The big single market issues will top the agenda.

**46 Bonjour, Mickey Mouse**  
*Diana Scimone*  
Disney's theme park comes to Europe.

**COVER:** The French Revolution celebrates its 200th anniversary this month. Photo: First anniversary celebrations in 1790, with a sermon given by La Fayette. © Soalhat/Sipa-Icono

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# PUBLISHER'S LETTER

**U**ntil now, U.S.-E.C. relations have concentrated primarily on testy trade issues—which have sometimes dampened good understanding in other areas. But last month's visit to Washington by E.C. Commission President Jacques Delors may hail a change in that relationship.

Delors extended an offer of a new partnership, one that, by strengthening the political pillar of the two blocs' relations, would step up their relationship. Carola Kaps of the *Frankfurter Allgemeine Zeitung*, who covered his visit for *Europe*, writes that, at a time when political events are changing some parts of the world dramatically, Delors stressed that good understanding between the United States and the E.C. was important because it represents "the model for freedom, liberty, and the future of the free world."

Sir Roy Denman, Head of the E.C.'s Delegation in Washington for the past seven years, has been a key player in trans-Atlantic relations. In his farewell piece before his retirement, he outlines the crises the two trading partners have weathered over the years, always serious but never leading to outright trade "war."

As readers will note, *Europe*, like many other publications, has been preoccupied with the French Revolution and its legacy on today's Europe. Professor David P. Jordan points out that the Continent's whole present-day structure rests on the achievements of that Revolution, whose desire for democracy, and idea of nationhood, still persist in many other parts of the world.

The practice of democracy persists in Europe, both at a national and on a supra-national level, as the elections to the European Parliament in June have shown. Different majorities are possible, as our article on the election outcome notes. But the test will come with the election of the European Parliament's President, scheduled for July. It should also be noted that the big surge of the Green representation in the House is a reflection of the growing concern of Europeans for their environment.

In other articles, David Black of *The Independent* looks at European airline deregulation, Leif Beck Fallesen of Denmark's daily *Borsen* newspaper at the mergers and takeovers in Europe's publishing industry, and Diana Geddes at the state of the French economy.



Giancarlo Chevallard





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# AROUND THE CAPITALS

## LUXEMBOURG

### Europe's "District of Columbia"?

"If there is going to be a United States of Europe before the end of the century, what and where will be its Washington, D.C.?" a British diplomat wondered at a recent dinner party. This kind of question often comes up at such relaxed moments, and it would be idle to pretend it is the stuff of serious consideration.

Yet the idea is not absurd. If, over the next dozen or so years, the European Parliament should evolve into a major legislative body, and the E.C. Commission become the source and executor of most of the laws governing life in the member states, would it not make sense to create a kind of supranational "European District?" To the extent that there will be a European "government," should that not have its own home, independent of the national member states?

These questions tend to be asked more forcefully in Luxembourg than elsewhere, largely because the Grand Duchy could have powerful claims to such a role. Five years ago, at the E.C. summit in Athens, Luxembourg presented a memorandum suggesting the creation of a "European District," while at the same time disavowing any claims of its own to the scheme. The paper was, said the Luxembourg Government, merely an attempt to dramatize the need for a solution to the long and bitter wrangle over the seat of the European Parliament. The idea at-

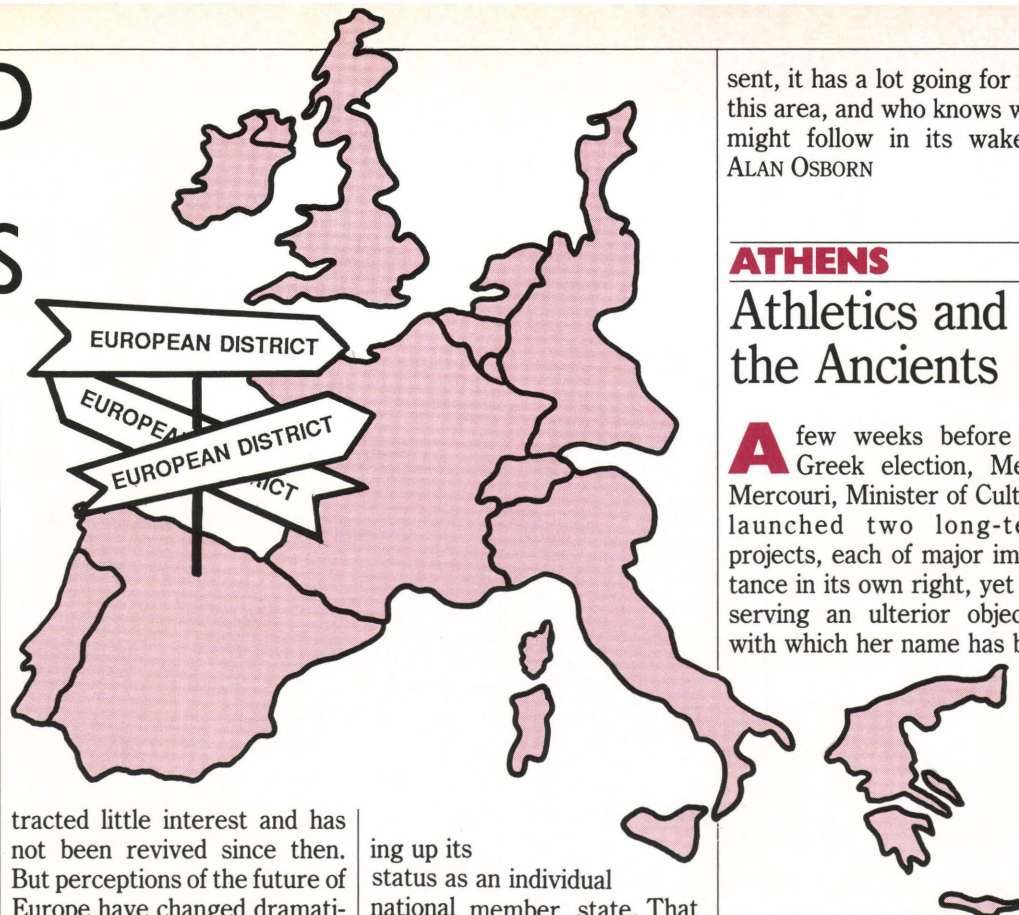
tracted little interest and has not been revived since then. But perceptions of the future of Europe have changed dramatically in the past 12 months. Last year, for example, E.C. Commission President Jacques Delors created a stir by predicting that as much as 80 percent of all legislation implemented in the member states would originate in Brussels by 1995. More recently, the Delors Committee report on economic and monetary union has led the public throughout the Community to realize that such things as a European central bank and a single currency could become a reality within 10 years. The prospect of a European government is, therefore, nowhere near as fanciful today as it was even five years ago.

That does not necessarily make the creation of a "European District of Columbia" more plausible, but it has recently stimulated unofficial discussion of its possibility. Luxembourg government officials openly scoff at the idea, but are in no position to stop others from taking it more seriously. A senior journalist in the Grand Duchy puts it this way: "The idea is a certain vote-loser. If Luxembourg were to aspire to become a neutral European District, that would mean giv-

ing up its status as an individual national member state. That is not conceivable at present." Nevertheless, the journalist had to agree that this nationalist argument is becoming weaker. In another generation or so, it is estimated that the true native Luxembourgers will account for less than one-third of the total population of the Grand Duchy.

Why might Luxembourg, more than any other state or—to be more realistic—more than any other territory, wish to "donate?" The first reason is its location. A pin aimed at the center of a map of the Community will land on—or close to—Luxembourg. The second reason is that the Grand Duchy is already as cosmopolitan a country as you will find in Europe, with a far greater foreign population than that of any other.

But the debate on the matter seems likely to remain little more than long-term speculation. The consensus at our diplomatic dinner table was that Luxembourg might dream as much as it wanted, but would best serve its interests by making a narrower and more specific pitch for the European central bank if and when that materializes. By general con-



sent, it has a lot going for it in this area, and who knows what might follow in its wake.—ALAN OSBORN

## ATHENS

### Athletics and the Ancients

A few weeks before the Greek election, Melina Mercouri, Minister of Culture, launched two long-term projects, each of major importance in its own right, yet also serving an ulterior objective with which her name has been

identified. The only minister to hold the same office through two terms of Greece's Socialist Government, Mercouri was widely remembered in 1981 as the star of favorite old movies like *Never on Sunday*. But by May 1989 she had become, as Sargent Shriver (President of the Special Olympics) said in Athens, "one of the best-known people in the United States, indeed in the world." Apart from her record in Greek politics, she has almost single-handedly succeeded in giving a cultural dimension to the European Community.

Mercouri is, above all, a campaigner. When she opened Athens' ambitious triptych of exhibitions under the collective title "Mind and Body," she was frank: "We make no attempt to hide the fact that this is a part of our bid to host the Golden Olympics in 1996." Equally, at a press conference held the next day to announce an international architectural competition for the new Acropolis Museum, she described it as "a museum that will house the masterpieces of world civilization, a museum that will once again embrace in its largest, most central hall the exiled



Marbles of the Parthenon" (better known to most people, and to her indignation, as the Elgin Marbles).

The centerpiece of "Mind and Body" is the exhibition "Athletic Games in Antiquity" at the National Archaeological Museum, a show that invites superlatives. The oldest items on display, dating from the early second millennium, are two Minoan libation rhytons from the Herakleion Museum, in the form of stout short-legged bulls with youthful bull-leapers draped around their horns. There follows a fine collection of pottery decorated with athletic scenes from boxing to discus-throwing, and from wrestling to chariot-racing. Some of these finds were originally awarded as prizes in the different contests.

Among the sculptures are the so-called Mourning Athens relief and the magnificent Kritian Boy, in Parian marble,

both from the Acropolis Museum. As well as a dynamic Running Girl in Bronze, probably from Sparta, the British Museum has contributed the Westmacott Athlete, a Roman copy of a 5th-century original by Polykleitos, here reunited for the first time with its original base, found at Olympia. Additional pieces have been lent by museums in Paris, Berlin, and Munich.

The other two exhibitions are a display at the Zappeion Gallery called "Athletics and Motion in Contemporary Greek Art," and a historical display at the National Gallery entitled "The Revival of the Olympic Idea in the 19th and 20th Centuries," which includes striking film and video material and interesting modern paintings on semi-classical themes. All three exhibits run until next January, and a condensed version of "Mind and Body" will visit Dallas and

Montreal in 1990.

Greece's bid for the centenary Olympic Games—the modern games were first revived in Athens in 1896—is not aimed simply at revenue and prestige. The investment required for installations and infrastructure, including new underground railway lines and a new airport, amounts to almost \$1 billion, and many see the project as the only way to transform Athens into an efficiently functioning city. But at the heart of it lies an idealistic desire to restore to the Olympic Games their long-lost innocence, minimizing the rampant and disfiguring commercialism and associating them once more with a full range of cultural activities. The International Olympic Committee will make its decision—probably choosing between Athens and Melbourne—next June.

Neatly linking the two themes—the modern Olympics and the Ancients' exhibits—Mercouri told her press conference that she was confident the new Acropolis Museum would be ready in time for the 1996 Games. She announced an international competition that covers the selection of one of three possible sites close to the Acropolis, the solution of traffic and parking problems and the design of the building itself. As for the Parthenon Marbles in the British Museum—15 metopes, 56 blocks of the Frieze depicting the Great Panathenaic Procession, and 20 pedimental sculptures, all looted by Lord Elgin during the Napoleonic wars—an official request to the British Government for their return was summarily refused in 1984.

Among Mercouri's audience was a bevy of the top folk in the world of the arts and assorted former Olympic champions, ranging from Sargent Shriver to painter Robert Rauschenberg, from Dallas mayor Annette Strauss to the "world's strongest man," Soviet weight lifter Vasili Alexeyev. Also present was the British Museum's Keeper of Greek and Roman Antiquities, Brian Cook.

He permitted himself a faint smile when Mercouri, asked about the British Museum's generous contribution to "Mind and Body," replied: "They sent us everything we asked for . . . but not what we really wanted." Perhaps by 1996 both her dreams will come true.—PETER THOMPSON

## ROME Italians in Space

As the European elections approached, Italy once again was embroiled in one of its national government crises. But the latest chapter in the long-standing arm wrestling match between Italy's Prime Minister, the Christian Democrat Ciriaco De Mita, and his main opponent, the Socialist Bettino Craxi, (essentially the cause of the government's fall) did not attract as much attention in Italy as at least three other topics.

First, there is the growing preoccupation with the so-called Japanese "invasion." Second, the possibility of major constitutional reform is occupying Italian minds and newspapers. Such reform would, for the first time, give the President of the Republic powers similar to those of the American or French President. Finally, there is the selection of the first Italian astronaut who will, in a few years, fly in one of NASA's space shuttles.

Japan's economic strength worries Italian industrialists more than politicians. Cesare Romiti, the powerful managing director of Fiat, was the first to raise the hue and cry, directing his protests at representatives of the Italian Government. Romiti's key word is "quality," and for a good reason. In the near future, much of Italy's industrial position in Europe and throughout the world will pivot around quality. Japanese competition can be kept under control only if, together with a policy of price containment that will keep Italy's products



COURTESY EMBASSY OF GREECE

Melina Mercouri, Greece's Minister for Culture, recently opened a major three-part exhibit called "Mind and Body," which is intended to help Greece win its bid to host the 1996 Olympics.



economically competitive with those of Japan, the products themselves undergo qualitative improvement. Romiti stressed: "And by quality, I also mean quality in the government's actions."

Romiti's prescription includes major government involvement to guarantee the success of Italian and European industry. He also recommends that the trade unions, which in the past have been harshly criticized by Fiat's management, be involved in the process. Romiti suggests that they have undergone a transformation: "Recently they have been showing great signs of responsibility."

Then there is the matter of constitutional reform. For years there has been talk of directly electing the Italian Head of State, which would give Italy a President with the powers and maneuvering room of U.S. President George Bush and French President François Mitterrand. A concrete proposal was made only recently, that motion being tabled by the Socialist Party Secretary Bettino Craxi. This immediately led to uproar among many politicians, especially those in the Christian Democratic Party (which has the relative majority), who inevitably assumed that Craxi was "preparing the way" for himself.

The Christian Democrats argued that the "direct election of the Head of State, creating a presidential-type Republic, would be too disruptive because it would mean the transplanting of a system that is not part of our history." Controversies and suspicions about the personal ambitions of certain political figures aside, however, the question seems to be on the parliamentary floor now, even if it will not be decided on immediately. The Christian Democrats will most probably wait to see how the Socialists perform in the European elections and then decide

on their strategy.

The choice of the first Italian astronaut also made the headlines. In mid-May, a meeting was held in San Francisco between NASA and the newly created Italian Space Agency. The discussion focused on an Italian satellite that, tethered to the shuttle by a line reaching several miles, will fly aboard a space shuttle in 1991. But the meeting had two other important purposes. First, it presented the 10 Italian astronaut candidates, of whom NASA chose two astronauts (official candidate and backup) to fly on the tether mission as pay load specialist. Secondly, as Learco Saporito, Undersecretary for Italian space policy, said, the meeting "confirmed the seriousness with which

Italy intends to defend its role as third European space power behind France and Germany."—NICCOLÒ D'AQUINO



## MADRID Deadly Deals

In the spring of 1981, residents of Madrid's industrial suburbs and poor outlying towns thought they had found a bargain when they bought unlabeled jugs of cheap cooking oil hawked by itinerant salesmen at neighborhood fairs and on street corners.

Although the vendors insisted their product was pure olive oil, more suspicious consumers possibly assumed they were buying less expensive vegetable oil, reasoning that "you get what you pay for."

But only the oil's importers and distributors knew the jugs really contained industrial rapeseed oil laced with red aniline dye and not intended for human consumption. Intent on making a financial killing, the distributors had boiled out the oil's red color and unleashed a

still unknown chemical that attacked the lungs and nervous system of consumers of the oil.

When, on May 1, 1981, an eight-year-old boy died after eating food prepared with the oil, doctors first labeled the cause of death "atypical pneumonia." Today, however, there is general agreement that he was the first victim of what has become popularly known as "toxic syndrome." It was only the beginning of the worst case of mass food poisoning in recent memory, resulting so far in the deaths of at least 700 people and afflicting some 23,000 more with a range of health problems.

Eight years later, after the longest trial in Spanish history and 11 months of deliberations, a three-judge tribunal has now come to a decision in the case. It convicted 13 people of health code violations, consumer fraud, and professional negligence for distributing, adulterating, and selling the lethal oil. Seven other defendants who, the tribunal ruled, had acted mainly out of greed and had knowingly sold the poisonous oil that had caused the deaths and illnesses, were acquitted of the manslaughter charges against them.

Of the eight principal defendants, one was cleared of all charges and all but two were released from custody because they had served more than half of their prison terms awaiting the verdicts. Twenty-four others were acquitted of all charges. The ringleader of the operation, oil importer Juan Manuel Bengoechea, was sentenced to 20 years in prison—10 years less than the maximum time allowed under the Spanish Constitution and 60,236 years less than the prosecutor had demanded.

Surprised at the leniency of the sentences, the chief public prosecutor and the lawyers representing the affected said they would study the possibilities of appealing this verdict. They did concede, nevertheless, that the judges had accepted their basic premise—that the oil had caused the deaths and that the defendants

had acted knowingly.

For those whose lives were shattered by the poisonings and who have centered their existence around bringing the culprits to justice, the decisions unleashed an outpouring of emotions—chiefly anger—and a sense of betrayal. "Right now, I'm ashamed of our courts, I'm ashamed of having been born here, I'm ashamed of the judges and the health system and... of everything connected to the Spanish state," a woman with the illness told reporters when she heard the sentences.

The reading of the verdicts triggered a near riot among the hundreds of victims who had packed the 600-seat courtroom—especially built for the 15-month trial—and disturbed the proceedings for nearly an hour. Outside, police fired blanks and tear gas to disperse hundreds more who broke windows and stoned vans they believed held the defendants.

Since the defendants declared themselves bankrupt during the trial, toxic syndrome victims' groups are now focusing their efforts on establishing government liability for the millions of dollars in indemnities and pensions due to families of the dead and those people still suffering from the illness. Others are channeling their energy in another direction, expressing concern that the government still has not adequately improved the lax health inspection standards that failed to prevent the disaster in 1981.—RICHARD LORANT

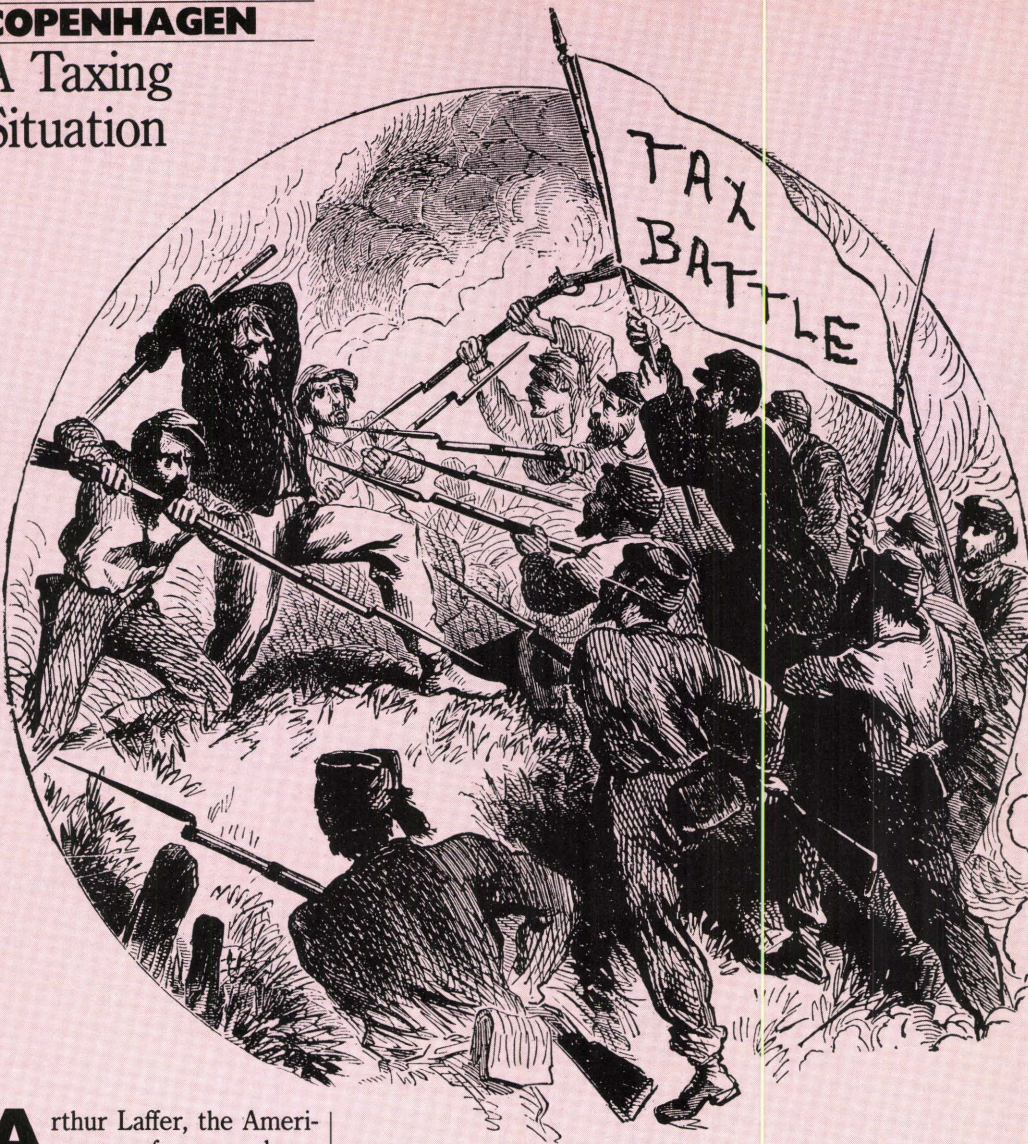
## AMSTERDAM Living in Harmony

A case is pending before a Dutch court over whether a primary school in the city of Utrecht, which only Turkish children attend, should teach its curriculum in Turkish. In a first instance, a positive ruling was handed down, since the Dutch Constitution guarantees freedom of education, al-



## COPENHAGEN

# A Taxing Situation



**A**rthur Laffer, the American professor whose famous curve shows that tax revenues drop as marginal tax rates rise, will be happy to hear that he has friends in high places in Denmark. The economists of the Danish Ministry of Finance have drawn a "Laffer Curve" for Denmark, with due credit to its inventor. What is more, the Ministry is now carving out the middle ground in Danish politics and defining the agenda for a major political confrontation this fall.

Both the Conservative-Liberal coalition Government and the Social Democratic opposition party have presented their proposals to save Denmark from the economic pitfalls of the 1990s. The government optimistically describes its plan as the major political and economic proposal of the 20th century, dubbing it *the plan*. The opposition is more modest, merely marketing its proposal

as the "S-plan." They both agree that tax rates in Denmark have to be lowered, especially the marginal rates of 68 percent and the lower basic rates. The government proposes a 2-percent decrease in both rates in 1990, followed by a phased drop to reach a marginal tax rate of 52 percent by 1994.

Five years is a long time in politics, and initial reactions have focused on the first year. There is consensus that taxes on business will be sharply reduced, from the present 50 percent to 35 percent. This is less than the 43-percent tax in the United States and much below the E.C. average. But, as with personal income taxes, the battle for the financing of the tax reductions has barely begun and is already exposing the traditional ideological spectrum of the Danish left and

right.

The Social Democrats insist that tax rate changes should not lead to a redistribution of income in favor of the rich. With only 1,000 Danish millionaires (that is, they make 1 million Danish kroner, or about \$130,000) out of a population of five million, that might seem to be a small problem. But anyone who makes over \$30,000 a year is regarded as rich and thus has the highest tax rate, which obviously makes the problem much more tangible. One way to achieve a redistribution of income that does not favor the wealthy is to reduce or eliminate tax deductibility on, particularly, interest payments on mortgages, or, in the case of business, to tighten depreciation rules.

A political compromise is unlikely to emerge before the late fall, when the budget for 1990

has to pass Parliament, and when the minority government needs to find its majority. Only a small proportion of the \$6-billion plan will be implemented in 1990, thus reducing the finance requirements accordingly. This means culling many politically sensitive public expenditure items, which may inspire opposition accusations that a frontal attack on the welfare state is being launched. The ferocity of the Socialists in this respect is tempered, however, by the knowledge that their party may be back in power within a reasonable period of time, and will thus be forced to do more or less the same.

Denmark has a long tradition of not conforming immediately to E.C. demands, and this tradition is reflected in both tax-cutting plans. Citing the lack of a final E.C. plan to harmonize value-added and other taxes, the Danish Government merely plans to reduce a number of specific taxes on conspicuous cross-border commodities like gasoline, beer, and consumer electronics. One Danish brewery sells 10 percent of its production south of the Danish-German border, almost all of it to Danes who bring it back after shopping sprees in Germany to take advantage of lower costs. While this is highly profitable for Danish consumers, German businessmen, and West German tax collectors, it is quite the opposite for the Danish economy and Danish tax collectors.

The stakes for a complete harmonization are high, however, promising to cost perhaps half as much as the total overhaul of the Danish tax system. Relatively speaking, Denmark will have to pay the highest price in the E.C. This is due solely to the fact that the Danes have chosen the most expensive welfare state in the world; but the Danish Government, and its opposition, are gambling that this will nonetheless be the key to a special political deal. It is too early to tell.—LEIF BECK FALLESEN



though only in the area of religion.

Utrecht's alderman for education, C. Pot, appealed the court's ruling, however, arguing that the children of foreign immigrants in the Netherlands must learn in Dutch, as most of them will remain in the Netherlands to live and work. Pot said it was important to prepare them for their future. "It is the schools' responsibility to guarantee the knowledge of the Dutch language inside and outside the classroom," he said, adding that "a first condition for youngsters is to communicate with other children and to respect each other."

Out of the 14.5 million people in the Netherlands, 500,000 are Moslems, mainly from Turkey and Morocco, but also from Surinam, Indonesia, Pakistan, and Ghana. The Dutch, who have always prided themselves on their tolerance toward other peoples, want to keep things that way. On the occasion of the Salman Rushdie affair, therefore, Dutch Minister of the Interior, Cornelis van Dijk, invited the representatives of over 30 different Moslem groups to discuss the freedom of the Dutch press. This, he said, made possible the publication of material that could hurt both Christians and Moslems. Dutch law made it impossible to forbid such publications. He added that he understood that Moslems had been offended by Rushdie's book, and encouraged them to distribute their own information to avoid even greater misunderstandings.

Since the publication of the *Satanic Verses*, scholars of



The language divisions in Belgium have caused several governments to fall, and have also given the country two very different cultures. Above: a bilingual street sign in Brussels.

Arab culture and language have published articles in the Dutch press arguing that the West has much to learn from its Islamic brothers. One well-known professor wrote that Moslems and Westerners were really "cousins," since both the Islamic and Christian cultures were offshoots of the Hellenic culture. "Moslems are more realistic," Professor Brugman wrote. "They have a sense of humor, absence of fanaticism, understanding for other religions, and an inborn tolerance."

At a recent symposium in Amsterdam on Europe's future, former West German Chancellor Helmut Schmidt was asked what he thought of the Moslem influence in the West. He replied: "We should give it more thought so as to better understand. At present, there are as many Christians as Moslems in the world... but soon there will be more Moslems. We have a lot in common. Both [of us] worship Jesus. In the Koran, He is the second most important prophet after Mohammed. The Koran also speaks of Mary. We should learn a little more about their culture and religion," he told the audience.—NEL SLIS

## BRUSSELS

### A Tale of Two Tongues

As U.S. President George Bush's motorcade sped toward the center of Brussels for the NATO summit at the end of May, an American journalist on the press bus turned to a colleague and said: "Funny, I thought we were in Belgium, not Norway." The man had spotted a road sign for Bergen, assumed by most people to be the major Norwegian city, and a name that did not appear to figure in either the official guidebook or the maps of Belgium provided to him. More experienced travelers quickly explained that Bergen was the name by which the Belgium's Flemish, or Dutch-speaking, community knows the city that in French is called Mons. (Much the same conclusion was visited once on a tourist determined to drive to Antwerp, or Antwerpen in Dutch. He gave up when the Dutch-language road signs pointing to the city "vanished." In fact, the motorist had entered a French-speaking commune that insisted that Antwerp was

called Anvers.)

The divisions between the French and Dutch-speaking Belgian communities are most vividly expressed in the languages they speak, but run much deeper. Old hands claim to be able to identify a stranger's community before he opens his mouth. This may or may not be true, but it is certainly a fact that Dutch-speaking Flanders and French-speaking Wallonia are separated almost as much by their culture, politics, and economic condition as by language.

Draw a horizontal line roughly through the middle of Belgium and you can assume that the northern half is Flanders and the southern half is Wallonia, with the conglomeration of Brussels standing as a kind of polyglot island in the middle. Each of these three communities enjoys a large measure of autonomy, while the central government in Brussels holds overall responsibility for defense, foreign relations and most, if not all, taxation policy. The American visitors in May thought it all worked very smoothly—as indeed it does by and large these days. But it was not always so.



Indeed, it is fair to speculate that animosities between the two Belgian linguistic groups can be traced right back to about 400 A.D., when the Celtic tribes, occupying what is now Belgium, were invaded by the Germanic Franks. All subsequent Belgian history shows a cleavage between the two communities, although relations turned particularly sour toward the end of the 19th century. Until then, French had been the country's only official language, Dutch being confined to the menial classes. The Industrial Revolution spilled increased economic and political power into the hands of the latter, however, a process that, to a great extent, has continued to the present day. While the two communities today are roughly equal in numbers, by far the greatest concentration of wealth is now in industrial Flanders.

Since World War II, friction between the two has often erupted into violence but, even when things have been relatively calm, the differences have profoundly influenced Belgian political and social life. Some 10 years ago, it was decided to devolve major powers to Flanders and Wallonia. This move appears to have ended much of the bitterness, but has not yet fully solved the problem of Brussels—a mainly French-speaking area located just inside Flanders. Clashes between neighboring French- and Dutch-speaking communes on the periphery of Brussels have served as a constant reminder of the underlying tensions in recent years. And a characteristically trivial, even absurd, quarrel over the qualifications of a French-speaking mayor of a village in a Dutch-speaking province led directly to the fall of the last government.

Since the present government coalition took power about a year ago, political life has been remarkably free of excesses on the linguistic front. It is as though the entire country has been seized of a will to get the economy right and put aside the community

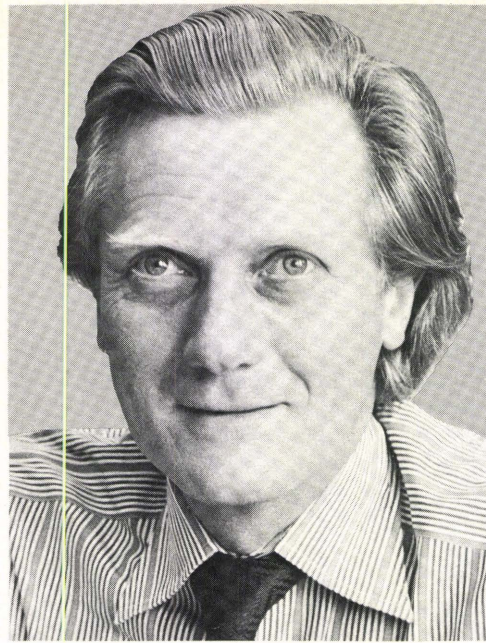
squabbling that has handicapped every government since World War II. It was something of a surprise to hear those NATO visitors in May, who had attended the summit in Brussels two years before, express the opinion that the Belgian linguistic war, if not over, was at least moving toward solution. It would be tempting fate to agree entirely, but a certain measure of satisfaction at the present state of affairs nevertheless seems merited.—ALAN OSBORN

## LONDON Britain and the E.C.

The ambivalent feelings of the British about their E.C. membership have erupted into open conflict within the ruling Conservative Party—whose past, present, and possibly future, Prime Ministers are offering different visions of Britain's role in the E.C. and the changes that will be brought about by the single market.

The simmering discontent within the party about British Prime Minister Margaret Thatcher's increasingly prickly stance toward Europe was brought out into the open by the publication of a new book by Michael Heseltine, a former Conservative defense secretary and a man who makes no secret of his ambition to lead both the party and the country just as soon as Thatcher can be taken out of the picture.

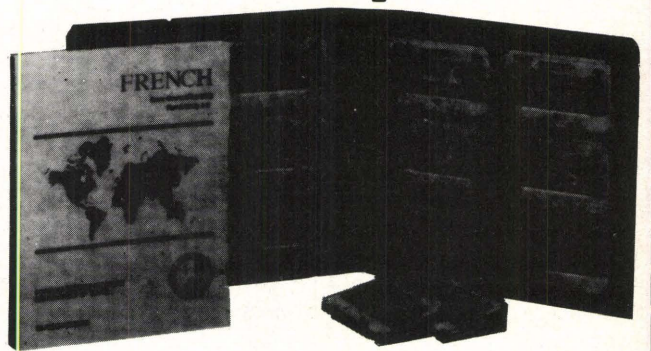
Another prominent Tory, former British Prime Minister Edward Heath, has been far more outspoken and brutal in his criticism of the person who replaced him as head of the Conservative Party and of her attitudes toward Europe. He accuses her vision of the E.C. as "a socialist superstate" as being "absolute rubbish." His words are sharp, but their impact is dulled by the fact that the man who led Britain into the E.C. as Prime Minister in 1973 has in recent years become a brooding and peevish



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Michael Heseltine, a Conservative MP and former Defense Minister, says in his new book, *The Challenge of Europe*, that Britain can only benefit from its E.C. membership.

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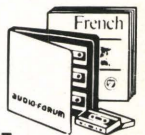
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figure.

Languishing on the backbenches since he stormed out of the cabinet in disagreement over the Prime Minister's policy regarding the Westland Helicopter Company in early 1986, Heseltine has had time to reflect on the direction of the nation. One product of this is *The Challenge of Europe*, his recently published vision of Britain and Europe. This book contains a carefully controlled criticism of the Prime Minister's attitude toward Europe. It is subtitled "Can Britain Win?", which leaves some room to wonder whether Heseltine regards the E.C. as a cooperative venture between the states of Western Europe, or simply a way to be better placed for commercial competition. In a talk just after the book was published, Heseltine made it clear that, as far as he was concerned, it was every nation for itself within the Community. This, he insisted, was precisely the attitude of the other partners in the venture.

He is confident that Britain can benefit much more by being inside Europe than outside. This is why he has launched his thinly disguised attack on Thatcher, which harps on about the need to block the growing power of the Brussels bureaucrats and the danger of creeping Socialism. Heseltine retorts: "Governments know what's going on. They are consulted about every detail in the formative stages, but it often suits them to disguise their compromises behind easy rhetoric about foreign conspiracies."

He believes, for example, that the democratic controls over the E.C. Commission could be enhanced by the appointment of at least one minister of cabinet rank from each member state, whose full-time task would be to examine the actions being taken to further the Community's purposes and development. In addition, he would like to see the European Parliament strengthened by the creation of a senate (modelled along the lines of the U.S.

Senate), whose members would be appointed by the 12 national parliaments.

"There are those who fear that, in moving closer to Europe, Britain will lose her identity," writes Heseltine in his book. "On the contrary, I believe that, within Europe, she will find a much greater one." He adds that "to pick and choose from Europe's program, to dine à la carte, is to risk quenching the enthusiasm that British managers must display if the opportunity of 1992 is to be grasped." He also expresses concern that an E.C. without Britain will be inward-looking and not Atlanticist. "If we march with our friends, we will further our cause and theirs. If we dawdle or drop out, they may spare us no more than a regretful shrug."—DAVID LENNON

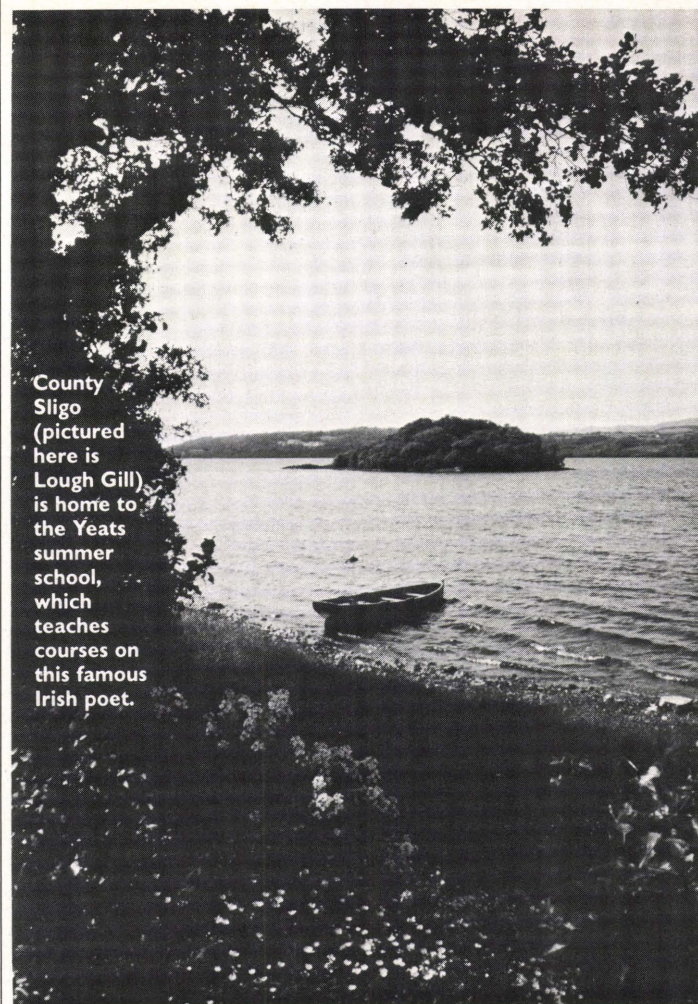
## DUBLIN

### School's In for Summer

**T**he Irish summer school is flourishing as never before. The idea may have begun in the United States where, as one Irish aficionado put it, "eager beavers got ahead of their peers by taking extra courses and the lackadaisical made up for wasted semesters." But the Irish version is definitely different.

The institutions may be called "schools," but people go there to enjoy themselves and no failures are recorded in this area. The supporters of the now well-established Yeats summer school in the beautiful Sligo area describe the rival Merriman School in County Clare as one where "they lecture between drinking" while the Yeatsians only drink between lectures.

Last year a verbal "war of summer schools" broke out when the director of the latest arrival, the General Humbert School, dismissed Merriman as "not really serious." When the attack from Humbert was reported in the national press, there was only amused con-



County Sligo (pictured here is Lough Gill) is home to the Yeats summer school, which teaches courses on this famous Irish poet.

COURTESY IRISH TOURIST BOARD

tempt at Merriman for this attempt by a newcomer to the scene to besmirch their reputation for being able to imbibe both culture and Guinness.

There is a tremendous variety of summer courses available throughout the country. Dublin's two universities, Trinity College and University College, have been running American-style summer schools since the 1950s and are attracting many American and continental European students who can get academic credits while enjoying the summertime delights of Dublin.

Outside Dublin, the Yeats international school has been going since 1960, and thousands of foreign students of Ireland's most famous poet—and his Irish admirers—have been attracted to it. The fact that it is situated in beautiful Yeats country in Sligo, with the magic names of Ben Bulbin, Knocknereah, Drumcliffe, Lissadell, and Inishfree, adds to the attraction of having top Yeats scholars as teachers for

two weeks.

The Merriman school is named after a Munster poet of the end of the 18th century, whose erotic Irish-language poem, *The Midnight Court*, has been described as the most humorous poem ever written in the Irish language. It describes clerical celibacy, free love, the misery of being married to old men, and the plight of young women who lack husbands.

The school was set up in 1968 by an Irish diplomat, Con Howard, who, like Merriman, is from County Clare, a part of the country noted for its Cliffs of Moher, traditional Irish music, and the strange landscape of the Burren, the bare limestone on which rare alpine plants flourish. Merriman, in spite of the revelries of late evenings and early mornings, sets a high standard in cultural activities: topics such as life in Gaelic, Viking and Norman Ireland; de Valera; priests; the press; and relations with France and Spain have, among



others, been the themes of recent years.

The General Humbert School (sometimes nicknamed the "Humbert Humbert") is named after the French general who landed in Killala in County Mayo in 1798 to help an Irish uprising against British rule. After early successes, the small French contingent was defeated, but was allowed to return to France while the

Irish rebels were executed. (Humbert ended up in the United States and is buried in New Orleans.) The Humbert school concentrates on Ireland's international relations, and on the country's cultural trappings. It is seen as more "serious" than Merriman.

It is no accident that the summer schools are in coastal resorts or very near them. Sun-burned faces are a feature

of the audiences at the evening sessions. The Patrick MacGill school, in County Donegal in the north-west, is also in a beautiful spot. MacGill was a novelist who fought in World War I and who described the harsh economic conditions of the Ireland of the time. The summer school concentrates on social and economic themes, but has also discussed North-South relations and the 50th

anniversary of the Irish Constitution.

The most "harmonious" school is said to be the Willie Clancy school, named after a beloved piper and musician from Milltown Malbay, County Clare. The small town is filled with the sounds of Irish music, jigs and reels, and the Irish language for 10 days each July. Enjoyment is guaranteed, even for strangers.—JOE CARROLL

## BONN

### Lending a Helping Hand

"The nicest birthday present for this year's 40th anniversary of the global child welfare organization 'SOS Children's Villages,'" says Helmut Kutin, president of the organization, which is based in Munich, "would be to open up such villages all over the world, because children's needs are the same the whole world over."

Currently 800 SOS Children's Village facilities in 94 countries care for about 50,000 children and juveniles, and facilities in the villages include schools, kindergartens, teaching workshops, hospitals, social centers, and farms. A number of SOS Children's Village projects are to be inaugurated during the anniversary year, among them three in the Soviet Union and two in the United States.

In 1949, with only \$24 in his pocket, the late Hermann Gmeiner, at that time a medical student, began building his first SOS Children's Village near Innsbruck, Austria. His concept, still valid today, was simple: "Children who suffer the loss of parents," he said,

"should not be further punished by society, committed to institutions, and separated from their brothers and sisters. All children have the right to a family." Thus, in the Villages, orphaned and abandoned children are given an identity and a family environment that gives them a feeling of belonging and therefore a sense of security.

The Villages differ from other social welfare facilities for juveniles mainly because of their family-style character. Boys and girls of various ages form, together with their Village "mother," a family unit living in its own house. Full brothers and sisters are not separated, and the children are cared for until they become self-reliant.

"Gmeiner's 'social motherhood,'" says Kutin, who himself grew up in a Children's Village, "has proved just as strong as the blood relationship between children and mothers. An SOS Children's Village family very much resembles a normal family. Here, too, the mother is in charge; she has a monthly budget and, like any other mother, shares the same experiences of joy and worry. Children no longer feel that they are orphans or abandoned. They are our children."

Kutin was particularly

pleased that, in the organization's 40th year, the idea has caught on in the United States, where "a big revision in attitudes has taken place." Various obstacles, such as different laws in different states, have been overcome, and the first SOS Children's Villages are to be built in Florida (outside Fort Lauderdale) and in Illinois (outside Chicago). Kutin is confident that the Florida Village will start up this fall, while the Chicago project may take a little longer.

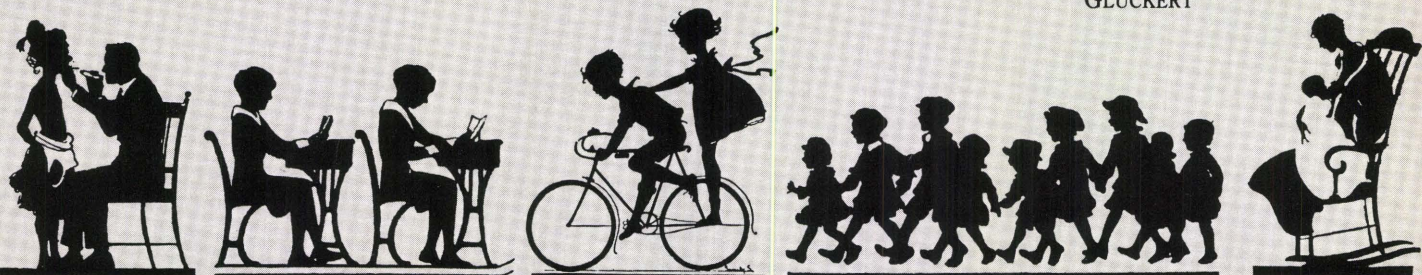
In the Soviet Union, Kutin says that "Armenian children will benefit from the changed political climate between East and West." By fall, some 140 orphaned Armenian children will, it is hoped, move into one-family houses where eight boys and girls will live with a "mother" and attend regular schools. The project is being financed and built by West Germans, and all building materials and equipment for the village are being shipped from Germany. An elementary school for 700 children will also be built later and will be named after Gmeiner.

The Armenian people's response to the project is lively, and it has already been approved by the Soviet Council of Ministers. "This project has a special significance for the re-

laxation of tension between East and West and for the work of our organization," says Kutin. "The Soviet Union's readiness to accept an educational concept, which weakens state control of children, is remarkable," says Kutin. As a result of political developments in the Soviet Union, the willingness to accept SOS Children's Villages in other Communist countries is now growing.

Private donations are the exclusive financial basis of the construction and maintenance of the Children's Village facilities. Approximately five million friends and 70,000 sponsors, two million of whom are Germans, support the organization with regular contributions. Over 80 percent of all the expenditures for the SOS Children's Village work in the Third World are made possible by donations from the Federal Republic of Germany.

"The basic principle for these uprooted children is their integration into society, for which native mothers, co-workers, and an integrated village life, are the best guarantee," says Kutin. He adds that "the SOS Children's Villages are villages of peace, crossing barriers of religion, language, and race, and bringing mankind together."—WANDA MENKE-GLÜCKERT





## LISBON

# Privatizing Begins

The Portuguese state has begun to dismantle the huge industrial and financial holdings it acquired in the March 1975 revolution when, almost overnight, domestic banks and 53 percent of all gross investment were herded into the state corral. The move aimed to do away with ruling private capitalist groups by stripping them of their assets and influence and shifting power to the civilian and military far left.

The revolution was reversed in November 1975, but it left behind a confused, politically driven management of the new public sector. State capitalism without commercial criteria spawned a public debt that grew annually, draining funds and energy from the economy until public-sector losses exceeded \$10 billion and the national debt of \$30 billion amounted to 81 percent of gross domestic product.

Drastic correction began in 1983-84. The battered private sector survived the heat of the revolution and the debt-

plagued recessions of 1978-80 and 1983-85, and edgily prepared itself for the E.C.'s single market. Furthermore, it has continued to clamor for the reduction of costly public sector fat to release companies, funds, and energy to private enterprise.

Nevertheless, it took time for the rapidly changing Portuguese governments to contemplate privatization or denationalization. But in April, the stable center-right Anibal Cavaco Silva Government began to sell 49 percent of the capital in the stronger state-owned corporations and will continue to do so throughout this year and next.

At present the state can only sell 49 percent of any state-owned enterprise. But a review of Portugal's 1976 Constitution, which will excise those clauses that enshrined the revolution's road to Socialism and nationalization of industry as "conquests of the working class" and forbade denationalization, should make possible the full sale of public companies. So far, domestic and foreign buyers have been lured by sophisticated stock

market operations to take shares in Unicer, the successful state-owned Oporto brewery, and Banco Totta e Acores, the fourth largest nationalized commercial bank. The laws permit a maximum ownership of 10 percent of capital per Portuguese citizen or company, and a maximum 5 percent for all foreign buyers combined. Privatization of further enterprises, such as the Alianca Seguradora and Tranquilidade insurance companies, as well as the state-owned codfish fleet, are to take place later in the year.

Unicer was oversubscribed by 3:1—a sign that the market is avid for more state sales. In the offing (in or after 1990) loom semi-privatization or perhaps full sale of banks, of insurance companies, of part of the Portuguese telephone company, of internal airlines, and of a whole range of other industries.

After years of haphazard and confusing record-keeping, companies now preparing for privatization find their books subjected to the ruthlessly finetoothed comb of outside audits for the first time. "Never," sighed Alipio Dias, chairman of Banco Totta e Acores, "has a public corporation been so picked over, sifted, studied, and analyzed as ours, with two inside and two outside audits in the space of one year. We're exhausted!" This way, however, prospective buyers were left in no doubt as to what they were getting for their shares: a piece of a bank that has logical, squeaky-clean books.

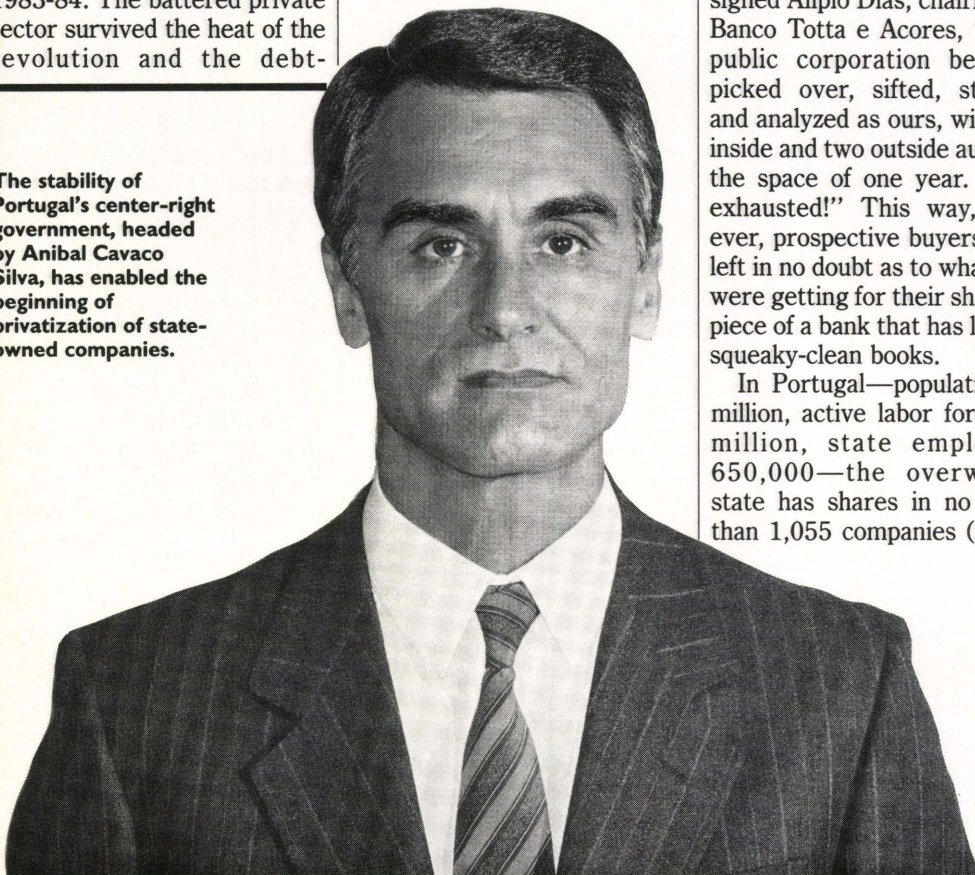
In Portugal—population 10 million, active labor force 4.5 million, state employees 650,000—the overweight state has shares in no fewer than 1,055 companies (in 403

of them it is the majority shareholder) and 247 companies in developed or developing countries.

Portugal's race to privatize is a boon for international accounting and consultancy firms, merchant and investment banks, and service companies hired as auditors, assessors, advisers, and leaders of the operations. The only unhappy people are the original owners of companies that were seized 14 years ago in the revolutionary fervor. They now feel they have had a raw deal as compensation goes, with shares valued far below market level and no offer made to them for a priority stake in the privatizations. Several are now suing the government for fairer redress for the assets lost in the revolution.—DIANA SMITH €

The stability of Portugal's center-right government, headed by Anibal Cavaco Silva, has enabled the beginning of privatization of state-owned companies.

COURTESY EMBASSY OF PORTUGAL



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# DELORS PROPOSES "NEW PARTNERSHIP" WITH U.S.

If there were still lingering doubts that Washington does not listen when the European Community speaks, the recent visit of E.C. Commission President Jacques Delors to the U.S. capital proved otherwise.

The honorary titles of "President of the European Community," and "Architect of Architects of the new Europe," bestowed upon him by U.S. Secretary of Commerce Robert Mosbacher might have been premature and somewhat overstated. Nevertheless, they proved the immense respect and appreciation the Bush Administration reserves for the 63-year-old Frenchman, who is widely considered the driving force behind the European endeavor to bring about a single European market by 1992.

Mosbacher's introduction of Delors at a luncheon hosted jointly by the British-American Business Association, the French-American Chamber of Commerce, and the German Representative for Industry and Trade, was a telling tale of the changing mood in Washington toward "Project 92." Official Washington had, until recently, been full of dire warnings about Fortress Europe and the sinister forces in Brussels conspiring to keep U.S. business and banking interests out of the single market.

Now a distinct shift in attitudes has emerged. Instead of being denounced as "the protectionist gate keeper of Fortress Europe" (*Wall Street Journal*, June 14), the United States is warmly welcoming Delors as the representative of a Europe striving to be a serious and responsible political force in the world. That Europe is now also seen as clearly demonstrating its resolve to work with, rather than against, the United States.

This shift has, of course, been the

U.S. ADMIRATION  
FOR DELORS'  
EFFORTS TO  
CREATE A  
UNIFIED EUROPE  
REPLACE  
FEARS OF  
"FORTRESS  
EUROPE."

result of the intensive efforts by the E.C. Commission and the Governments of the Twelve to convince the U.S. Administration and the American public of the advantages the single European market will offer them. As Delors noted in his luncheon speech: "The completion of the internal market will increase the purchasing power of the European Community, providing vast opportunities to our partners worldwide and firstly to the United States."

Moreover, the claim that it is in the E.C.'s own interest to keep the borders open, has finally fallen on fertile ground. As Delors emphasized in Washington, Europe herself would have much to lose by turning inward. Delors echoed numerous European officials when he asked the rhetorical question: "Wouldn't it be foolish to close borders and erect barriers if one's standard of living and wealth depends to such a large part on trade?" As

the figures speak for themselves (Europe accounts for 20 percent of world trade, a figure that jumps to 40 percent if intra-E.C. trade is included), and as U.S. businesses are busy setting up shop and investing in Europe to reap the benefits of the single market, the U.S. Administration could hardly continue to stand apart, painting the picture of the protectionist villains on the other side of the Atlantic.

It was, however, Delors' call for a new and profound partnership between the E.C. and the United States that made the big difference. In truly presidential fashion, Delors elaborated on the important theme of cooperation in a changing world environment, prudently avoiding the petty and often tedious quarrels over trade issues. At the luncheon, Delors stated: "It is time to re-assess the [U.S.-E.C.] relationship. We both have much to gain by working together on the basis of a true and friendly partnership. This . . . means much more than good trading relations, however important they are. Both partners now have to think about a wider political dialogue, leading possibly to joint action over issues of mutual interest."

During his working lunch with President George Bush, Delors expanded on this theme in view of the changes taking place in Eastern Europe, and emphasized the importance of this kind of cooperation to manage future East-West relations. Speaking to journalists, he added that the concerns over the environment were an important part of better international understanding and a closer working relationship. And at the inaugural dinner of the newly created European Institute (see also p. 51), Delors crowned his plea with the statement: "For the free world, it is a necessity to have a good under-



standing between the United States and the Community. This is more important than soybeans and hormones . . . than the vanity of heads of states; it's the model for freedom, for liberty, for the future of the free world."

In contrast, the message to Japan was much harsher. Although Delors rejected any attempt to interpret his offer to the United States as a means to "gang up on Japan or joint Japan bashing," he expressed his dissatisfaction with that country in no uncertain terms. In his view, Japan had yet to prove itself as a responsible player in the increasingly interdependent world. Since Japan did not yet accept to carry its fair share of burden for managing the world, it could not expect to be treated as an equal partner by the E.C. and the United States.

While Delors expressed hope that the pressure of the reinforced U.S.-E.C. relationship might help speed up change in Japanese attitudes, he remained doubtful about Japanese readiness to join the common approach of the workings of the international system. In scolding Japan, Delors in effect endorsed U.S. complaints

against the economic giant in the Pacific Rim and applauded U.S. efforts to open bilateral talks about structural impediments to trade in the Japanese system. He stopped short, however, of offering—as a true symbol of multilateral spirit and good will—to look at the European structural impediments to trade and to participate in the talks.

This display of multilateral spirit was particularly important as Delors took pains to underline the necessity of completing the Uruguay Round multilateral trade talks successfully and on time. He stressed not only the need to strengthen the multilateral trading system, to rebuke the ever-present protectionist forces, and to bring the service sector into the system of mutually agreed trading rules. He also emphasized the importance of a successful Uruguay Round for building the single market. A positive outcome in Geneva would substantially facilitate internal European efforts, by strengthening the hand of those who defend truly liberal trade policies and promote open internal and external borders.

As the U.S. Government reflects on its

response to Delors' timely offer of cooperation, Europe has just completed the third elections to the European Parliament and is preparing to discuss the European Social Charter and proposals for a full-fledged monetary union at the European Summit in Madrid (see also pp. 22-23). Numerous obstacles and difficulties still have to be overcome before Europe can rightfully proclaim economic and political unity; but, as Delors reminded his American audience: "We have embarked on an exciting journey toward political union in Europe. What we are doing will have profound effects on shaping the world of the next century, in which nation member states will increasingly have to share sovereignty with each other as our world becomes more interdependent."

Delors made clear that Europe would feel very comfortable traveling along this road in friendship and partnership with "the Great Republic of the United States of America." **€**

Carola Kaps is economics correspondent of the German daily *Frankfurter Allgemeine Zeitung*.



Jacques Delors called his idea for a new kind of U.S.-E.C. partnership, which would go beyond solving tedious trade quarrels and become a real political dialogue, "the model for freedom, liberty, the future of the free world."



# THE E.C.'S RETIRING AMBASSADOR RECALLS SEVEN YEARS OF TRANS-ATLANTIC TRADE RELATIONS

ROY DENMAN

I came here in 1982 when the pipeline crisis was in full swing, when we were sitting up all night at the Commerce Department negotiating quotas for steel, and when we were frantically trying to find common ground for a Ministerial Meeting of the General Agreement on Tariffs and Trade (GATT) in Geneva.

Looking back over the last seven years, the situation reminds me of an English ballad:

"Great Chatham with his sabre drawn  
Stood waiting for Sir Richard Strachan,  
Sir Richard, longing to be at 'em  
Stood waiting for the Earl of Chatham."

In other words, we have not come to a trade war. Disputes have ebbed and flowed, ranging from pasta and citrus to corn for Spain. But a major conflagration has been avoided. It is agreeable to think that this owed something to the ingenuity of those in the boiler room; but essentially it reflected a realization at the political level on both sides of the Atlantic that a major trade war would be a bad thing for the Western world.

And this year, the situation has begun to improve. Work is in hand at defusing the row over hormones in beef; a major logjam on agriculture in the GATT has been broken. After long and wearisome argument, agreement has been reached on setting up two GATT panels on soybeans and on sugar.

All this does not mean that our concerns in the trade field are over. There are bound to be further disputes and much hard negotiating, particularly in the Uruguay Round. And we all live under the danger of Super 301—a recently made

finding by the United States that, if certain foreign trade barriers are not reduced in a given time, U.S. retaliation will take place. But then others will simply exercise their GATT rights against unilateral action and counter-retaliate. This is a real danger.

But the relationship between the Commission negotiators and the U.S. Administration has improved. However toughly both of us have to defend our interests, there is now a genuine willingness on both sides to listen to each other and to work for a constructive solution.

There has also been an improvement in an area that marks the biggest change over the last few years in American attitudes to the European Community. For the first five years or so of my stay here, the E.C. seemed to many Americans a busted flush—having started out with a great fanfare and then degenerated into a squabble on agricultural prices. But the 1992 program—to achieve a genuine single market, with the abolition of barriers to trade within the Community other than tariffs—has caught the imagination in the United States (as it has in Europe) and has brought us a new ball game.

Understandably, apprehensions were voiced about how this would affect American interests. There were cries of alarm about the Community insistence on reciprocity, particularly insofar as financial services are concerned. We explained that reciprocity—a balance of advantages—in the GATT was the name of the game both for Americans and others. But the changes the Commission has recently decided on in the draft Second Banking Directive have largely dispelled these fears. As far as the United States is concerned, sanctions by the Community in terms of limiting access by American

banks would only come into the picture if we could establish that E.C. banks were not getting national treatment in the United States, i.e., treatment worse than that given to American banks. A few months ago, Sir Leon Brittan, E.C. Commission Vice President responsible for competition policy and financial services, explained these changes in convincing detail to the U.S. Administration here in Washington and to a wide range of bankers. This helped a great deal.

Again, there was apprehension that we were not going to consult the Americans on the 279 directives involved in the 1992 program. We explained that no country could admit the right of another to exercise an institutional oversight over its legislation—just as the U.S. Congress (quite rightly and properly) did not consult us on the Omnibus Trade Act last year. But this is an argument about form, not substance. Any American with a genuine problem—and with the help of the U.S. Mission in Brussels and the U.S. Chamber of Commerce—can get to see the appropriate people in the Commission and get a fair hearing.

There will be other problems, some of which are already under discussion: technical standards, local content, and rules of origin, to give only a few examples. But I was struck by a remark made by an American friend only a few weeks ago. "There now does seem to be," he said, "a genuine dialogue."

I am sure my successor will maintain this tradition. As Carla Hills, the U.S. Trade Representative, wisely said to us recently: "We must keep the channels of communication open." ☛

Sir Roy Denman was the Head of the E.C. Commission's Delegation in Washington, D.C., from 1982-89.



# *Reflections* ON LEAVING WASHINGTON



"The U.S.-E.C. relationship has improved. . . . There is now a willingness to listen to each other and work for a constructive solution."



# THE PORTS OF EUROPE

**MODERNIZED TECHNOLOGY  
AND INFRASTRUCTURE  
MAY BE KEY TO  
RENEWED INTERNATIONAL  
COMPETITIVENESS.**

Europe's ports must modernize to remain internationally competitive. Some may follow Hamburg's example (this page), and privatize certain aspects of their operations.



Throughout the European Community, dynamics of trade and commerce are having a major impact upon ports. To maximize that role, however, particularly in preparation for 1992, the ports must adjust to changing world conditions—both on the Continent and in the world at large. European leaders in the shipping and ocean freight carrier industries realize that only through what one expert describes as “a total transportation system” can the E.C. maximize its ports. “This is one benefit of 1992,” says Peter Flannerty, a vice president of SeaLand Services, Inc., a U.S.-based company that is also active in Europe. Peter Lablans of the Netherlands Foreign Investment Agency adds that “if the E.C. ports function as a unit based on single standards, our competitive position will increase.”

“Total transportation” means rapid movement of goods, a process relying on the use of various modes of transportation—air, rail, truck, and ship—in a coordinated, or intermodal, strategy. Without such a network, goods may lie on docks or sit in railway cars for many days. Speed of delivery and distribution is critical to success in the post-industrial era. Until common shipping and transportation standards emerge—ranging from regulations of truck weight to volumes permitted on rail cargo—true economies of scale are not possible.

In many respects, the challenges confronting the great ports of Europe are no different than those faced by the Community as a whole. One indication of the international competition that lies ahead can be seen in Hong Kong. In 1987, the Asian city-state outdistanced Rotterdam as the world's leading container port: it tallied 3.5 million unit containers (TEUs), compared to 2.8 million TEUs for the Dutch port. In 1988, Singapore climbed to third place with 3.4 million TEUs, compared to over 4 million TEUs for Hong Kong.

The titan European shipping lines, whose fortunes carried the Continent over the seas of global trade for decades, face strong competition. Royal Nedlloyd (Netherlands-based), Hapag Lloyd (West Germany), and Maersk (Denmark) were among those witnessing their shares tumble. A new breed of Asian carriers unfurled their banners: Evergreen from Taiwan, Japan's Mitsui OSK Lines, and Korea's Hanjin have made their presence known, cutting into the established revenue base. Furthermore, these competi-

tors appear well suited to weather the overcapacity that has plagued all shipping in the industrialized “North” of the planet.

These issues would face Europe's ports regardless of events slated to coincide with the creation of a true economic community. Port administrators and shipping industry executives agree that the period 1992-93 is a catalyst for other events that may transform Europe's ports.

One of the major new changes is speculation over E.C. Commission moves toward a single European shipping registry. This spring, the director of the Commission's transportation division, Eduardo Pena, suggested that streamlined regulations and greatly increased collaboration between the Continent's shipowners would neutralize foreign competition. Regardless of the outcome of proposals for a single registry, serious discussion will lead to broad agreements between E.C. member states.

Port administrators insist that accords are needed to improve intermodal transportation links. Yet, as E.C. transport policies are forged, the ports must strive to assure that these intermodal lines—connecting the rail and truck network, and the ports themselves—are not planned to favor a few major harbors. The smaller ports, vital to rural economies across Western Europe and the Mediterranean, would be imperiled.

The future of privatization plans for some of the larger ports is also at stake. Hamburg boasts some 1.6 million TEUs, making it the world's 10th largest port in 1988 (just ahead of Antwerp, another historical harbor). One feature of this port is a cluster of privately owned terminals. Other harbors have considered the Hamburg model, which blends public-sector infrastructure outlays with business investments.

The French port of Brest is another example of the new relationship between harbors and economic growth. Ship repair should emerge as a leading industry in this French coastal city. A capital equipment program will modernize facilities, making it possible to repair the massive 500,000-ton (dead weight) tankers criss-crossing the Atlantic. Another aspect of the port improvement plan includes constructing specific terminals to handle Brittany's store of agricultural products.

Investments to accommodate new types of cargo are taking place across the Continent. Some funding comes from private-sector groups, as in Liverpool. And

at Lowescroft, adjacent to Yarmouth, the potential to export forest products has led to an increase in handling equipment, storage tanks, and other types of infrastructure.

Diversification of commercial activity is taking shape around Western Europe. Ports have tended to rely on their geographic location as they position themselves for certain types of cargo traffic. For this reason, the decline of commerce between the E.C. and Africa, followed by a disruption in trade during the Iran-Iraq War (1981-88), led to declines in volumes reaching Marseilles. Authorities at the French harbor determined that a shift to petrochemicals would expand other aspects of the economy, and some 4,600 hectares were converted into industrial estates. Probably more than \$1 billion worth of petrochemical investments will reach greater Marseilles by 1992.

Another obstacle facing European ports stems from the soft rates troubling overextended ocean-going carrier lines. When the lines suffer, so do ports. Part of the reason for a depressed rate structure is overcapacity. Trans-Atlantic conferences—premier rate-making entities for most major ocean carriers—will consolidate later this year. In London, Bruce McAllister, until recently chairman of the North Atlantic Eastbound Conference, expresses the majority view that “mergers of the six into two [conferences] would not necessarily prevent a recurrence of great differences, and great instability, in rates.”

European port administrators and ocean carriers themselves insist the Electronic Data Interchange, or EDI, is appealing in a Community seeking to harness technology as a business strategy. EDI offers the ability to transmit many forms of business information concerning shipments of goods, inventories, and precise location of merchandise at all stages of production. This greatly improves performance while cutting costs dramatically—both key goals of the Community. The E.C.'s specific electronic protocols and other data exchange standards have been accepted recently.

“EDI is the key to port revenue in the 1990s,” says Pat Jones, international trade specialist with the American Association of Port Authorities. A spokesman for Hapag Lloyd agrees: “The more advanced ports will make use of streamlined communication,” so Europe can benefit from “systems that complement new infrastructure and crane-loading capacity.”

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



THE EUROPEAN  
REGION IS BECOMING  
INCREASINGLY  
ATTRACTIVE FOR U.S.  
COMPANIES AS 1992  
DRAWS NEAR.

## NORTHERN IRELAND: FOREIGN INVESTMENT TAKES OFF

JOHN RITCHIE

**F**oreign investment has set records in Northern Ireland this year as companies from around the world seek to enter the European marketplace before the E.C.'s economic unification by end-1992.

The most recent investment figures released by the Industrial Development Board for Northern Ireland (IDB) show that development agreements of \$664 million were reached in the fiscal year that ended March 31. This represents the best annual showing since the IDB was formed in 1982. The agreements will result in 5,653 new jobs in Northern Ireland, also a record.

Foreign companies cite a variety of reasons for their confidence in Northern Ireland: the skilled work force, an advanced infrastructure, flexible incentive

packages, and E.C. status. The New York City-based company AVX, for example, the world's leading manufacturer of multi-layer ceramic capacitors, has seen sales at its Northern Ireland facility grow from \$4 million to \$70 million since it opened in 1979. AVX Chairman Marshall Butler says the government incentive package originally drew his company to Northern Ireland, but that the dedicated workers motivated AVX to establish a second plant there.

Other companies, too, have acknowledged that, while the availability of grants was an important factor in setting up in Northern Ireland, it was not the most important one. One example is the French company Montupet, a world leader in the production of aluminum components for the car industry. Last December, the firm announced that it was to set up a \$64-million foundry in Belfast, which would employ 1,000 persons. Company executives said the project would have attracted similar levels of financial incentives in other European regions, but that the potential quality of the Northern Ireland work force and the availability of a suitable site helped clinch the deal.

Another example is the \$15-billion Daewoo group of South Korea, which earlier this year established a \$33-million video cassette recorder plant 20 miles outside Belfast. Explaining their choice of Northern Ireland for the 500-job project, Daewoo officials cited the abundance of quality labor and a healthy work ethic

backed by the grants package.

Northern Ireland is already home to more than 150 international companies, which employ around 37,000 people—more than a third of its total manufacturing employment.

Traditionally, the richest source of investment has been the United States. Today, more than 25 American companies—including Ford and DuPont—employ approximately 13,000 local people. While the available skilled work force initially attracts companies to Northern Ireland, it is the high productivity levels that keep and even increase their investment. Jim Sayers, general manager of AVX's Coleraine plant, says it produces the same quality materials as a similar plant in upstate New York, but at much lower costs. In fact, plant productivity studies show that AVX's facilities in Northern Ireland consistently rank among the company's most efficient worldwide.

In addition to highly skilled production workers, foreign companies have also been able to recruit technical and management staff from the region's two universities: Queen's University in Belfast and the University of Ulster. As well as providing a recruiting ground for multinationals, both universities work closely with industry at home and abroad to provide a spectrum of contract research and development services. Areas of special expertise include biomedical engineering, microelectronics and software engineering, and these in turn have spawned thriving industries that are helping to transform Northern Ireland's industrial base.

Another important Northern Ireland resource is its advanced infrastructure: Transporting goods, people, and even information, quickly and conveniently is possible with the help of Belfast International Airport, five ports, and 15,000 miles of roadway. Soon to be added is a fiber-optic telecommunications network through the E.C.'s STAR program. This will provide Northern Ireland with a world-leading telecommunications infrastructure that will benefit information service industries, since fiber-optic technology permits the transmission of huge quantities of information at phenomenal speeds.

IDB offers a broad range of financial support that includes selective grants for plants, machinery, and equipment, plus assistance toward start-up costs, including employment and training grants. DuPont and AVX have taken advantage of

Continued on page 54.

John Ritchie is the Senior Director for North America of the Industrial Development Board for Northern Ireland.



Northern Ireland offers U.S. companies seeking a European foothold a skilled work force, an advanced infrastructure, and easy access to E.C. markets. Photo below: One of AVX's three Northern Ireland plants; background: coastal view.





# FUTURE OF ECONOMIC AND MONETARY UNION DOMINATES E.C. SUMMIT

LEADERS ALSO DISCUSS SOCIAL CHARTER, ENVIRONMENT, THIRD WORLD DEBT AND INTERNATIONAL RELATIONS.



In Madrid, the 12 E.C. leaders reached a compromise on beginning the first stage of economic and monetary union, called for by the Delors Committee earlier this year.

While prominent issues such as a charter on social rights, East-West relations, the situation in China, and the debt problem were discussed at the E.C.'s summit meeting in Madrid on June 26 and 27, the debate on the future progress of economic and monetary union (EMU) dominated the gathering. Discussion revolved around the Delors Committee's report on economic and monetary union that was adopted by the E.C.'s 12 central bank governors and five outside experts in April.

In a compromise formula worked out over the two days, E.C. leaders accepted the plan as the basis for the three-stage process toward monetary union. They agreed to begin the first stage, which calls for increased economic cooperation and requires all currencies to join the

exchange-rate mechanism (ERM) of the European Monetary System (EMS), on July 1, 1990. The ERM restricts the movements of E.C. currencies against each other.

In a surprise move announced just prior to the summit, Spanish Prime Minister Felipe González took the peseta into the ERM, effectively leaving Britain as the only major E.C. currency outside the mechanism (Portugal and Greece are not yet EMS members), and increasing the pressure on British Prime Minister Margaret Thatcher to allow full British entry into the system.

Previously, she had maintained that Britain would enter the mechanism "when the time is right." During the summit, however, she adopted a new stance, affirming that British entry would

depend on the successful elimination of exchange controls, scheduled for removal by July 1990, the implementation of a free market in financial services, and the strengthening of E.C. competition policy. If these conditions were fulfilled, and "provided inflation in Britain [was] brought down significantly [at 8.3 percent, it is almost twice the E.C. average], the conditions will clearly exist for sterling to join the ERM," Thatcher was quoted as saying.

The 12 leaders did not reach agreement on the last two phases of the report, however, although Jacques Delors, E.C. Commission President and chairman of the Delors Committee, stressed that the three were indivisible. The second stage calls for a revision of the E.C.'s founding Treaty of Rome to allow the creation of a European monetary authority. The third and final stage envisions an irrevocable locking of exchange rates and possibly the creation of a single European currency.

The discussions on these two stages pitted French President François Mitterrand and West German Chancellor Helmut Kohl, who called on the E.C. Council to accept the entire report, against Thatcher. She has objected that a decision to embark on the first stage should not entail a commitment to the remaining two, that economic and monetary union do not necessarily go hand in hand, and that the Treaty of Rome should not be revised in order to set up a central banking structure. Thatcher insisted instead that the Delors plan be seen as the basis for further study, which should include an examination of other ideas.

Delors, remarking that the Committee had "been composed of many different people from the neo-Keynesian to the ayatollahs of monetarism," stated that "the only way to have economic and monetary union is that proposed by my committee . . . Mrs. Thatcher says there are other alternatives. I wait [for them] with interest." In the summit's concluding document, the Council agreed to immediately begin to prepare the final two stages through an inter-governmental conference. This conference is slated to convene after the first stage has begun.

The summiters were pleasantly surprised at the relatively moderate tone that prevailed throughout even the most tense negotiations. But the summit was barely over when it became apparent that the compromise had not removed a continuing divergence of opinions. In a press conference, Thatcher made clear that she remained opposed to progress on the final two stages. "It would be the biggest

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transfer of national sovereignty we've ever had, and I don't think it would be acceptable at all to the British Parliament . . . There's absolutely nothing automatic about going beyond stage one," she said. Mitterrand, who will take over the Presidency of the E.C. Council of Ministers from Spain for the last six months of this year, and chair the E.C.'s December summit in Strasbourg, made it equally clear that he would call the inter-governmental conference in a year. Although Thatcher cannot prevent such a conference from being held, she or any other leader would have veto power over any treaty changes they opposed.

Although social policy and an E.C. charter on fundamental human rights were expected to be one of the summit's central themes, the monetary issues and Thatcher's opposition to what she views as a Socialist threat to her free-market philosophy, forced this debate into the background. British Employment Secretary Norman Fowler had warned the week before the summit that a social charter such as that proposed by the European Commission would be unacceptable to the British government, which, although committed to making progress on many of the issues covered in the charter, would "oppose measures that increase costs, create barriers to employment, and prevent jobs from being created . . ." Fowler added: "We do not believe that they are suitable for regulation on a Europe-wide basis."

As a result, the summit's final communique did not adopt the charter in its current form, reaffirming instead that "the European Council considered that in the course of the construction of the single European market social aspects should be given the same importance as economic aspects and should accordingly be developed in a balanced fashion . . . The Council will continue its discussions with a view to adopting the measures necessary to achieve the social dimension of the single market, taking into account fundamental social rights."

Hans Klein, spokesman for the West German Government, said before the summit that there was great concern in Germany "that there should be no downward adjustment of social conditions, and that the rights German workers have built up over a long period of history should be preserved." To that end, he noted that West Germany expected the charter on social rights to be ready for the next summit. France's Socialist Government has also expressed concern over progress made on workers' rights and is expected to push for some resolution of the issue during its E.C. presidency.

Environmental issues, brought to the fore by the success of Green parties in the recent elections to the European Parliament, were also on the agenda. Delors formally presented a Commission proposal for a European Environmental Agency, which would be responsible for gathering data on environmental problems and whose membership would also be open to concerned European nations outside the Community. Sweden, Norway, Switzerland, and Austria have already asked to join the agency. The Soviet Union, Hungary, Poland, and Czechoslovakia have also expressed interest, but are less likely to join soon because of the problematic circulation of environmental information, according to Environment Commissioner, Carlo Ripa di Meana.

At the request of Helmut Kohl, the contribution of tropical forests to the stability of the world's climate was considered. "Aware of the special responsibility of the industrialized countries for maintaining the balance of nature worldwide," the final document said, "the European Council expressed the wish that these questions be dealt with in close collaboration with the countries concerned."

The communique also noted that the Council had been active recently in dealing with the problems of the ozone layer,

the greenhouse effect, and pollutant emissions from small cars. Although no new ground was broken on the environment at the summit, E.C. officials explained that it will get priority attention in the wider international framework of the Paris summit of leading industrialized nations from July 14-16.

The summiters also discussed the debt problem, but some members, especially Britain and West Germany, had reservations about Spain's proposal for a European Guarantee Fund (EGF) that would aim to raise funds for the Brady plan. This calls for reducing Third World debt with the backing of government funding. The EGF, whose creation would depend on three conditions (that debtor countries agree on economic adjustment programs with the International Monetary Fund, that commercial banks shoulder their share of the burden, and that creditor countries not belonging to the European fund make an equivalent contribution), aims to strengthen the multilateral approach to solving the debt problem.

Delors stressed that the fund was a realistic and serious way of showing that the E.C. had not lost interest in debtor nations, the concluding document did not adopt the proposal, stating instead that

Continued on page 55.

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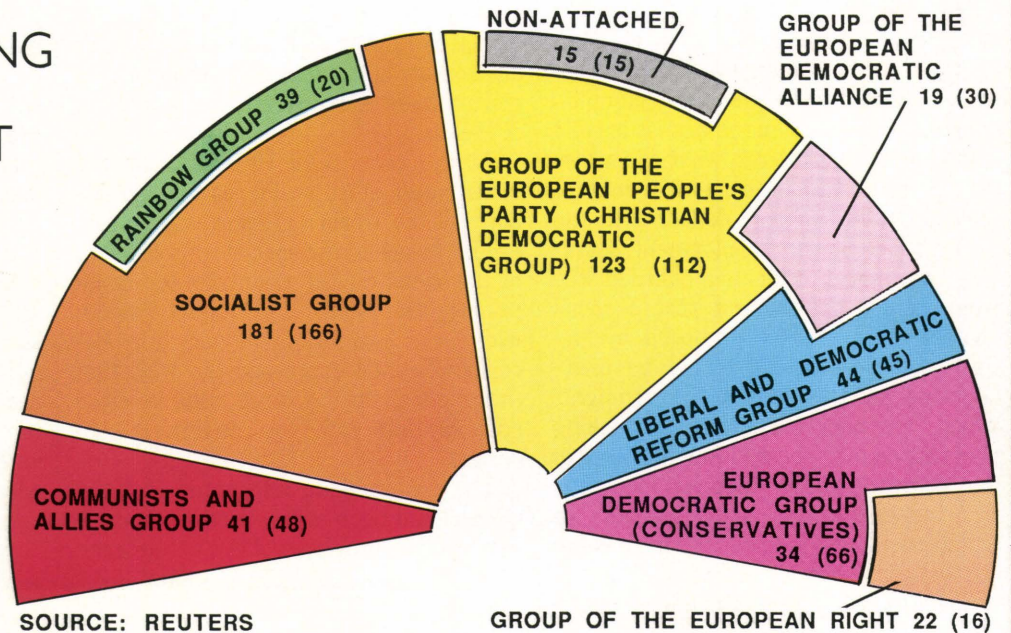


# E.C. CITIZENS ELECT NEW EUROPEAN PARLIAMENT

RESULTS SHOW SHIFT TO LEFT-WING PARTIES AND CONCERNS ABOUT ENVIRONMENT.

## POLITICAL COMPOSITION OF THE NEW EUROPEAN PARLIAMENT

TOTAL NUMBER OF SEATS BY POLITICAL GROUP (PREVIOUS TOTAL)



SOURCE: REUTERS

GROUP OF THE EUROPEAN RIGHT 22 (16)

For the third time in its history, citizens from the E.C.'s 12 member states directly elected a new European Parliament between June 15 and 18. At 56 percent, overall voter turnout was low. The Socialists were returned as the largest party in the 518-member Parliament, and the Greens almost doubled their number of seats. The center-right parties, a majority bloc in the previous Parliament, did relatively poorly, ceding their position to a new center-left majority composed of Socialists, Greens, and Communists, with a combined total of 261 seats, an absolute majority of two seats.

The success of the Socialist parties, which increased the number of their seats from 166 in the last election to 182, indicates that there will now be greater pressure to include social legislation in the single market program. The fact that the Greens did well throughout the E.C., raising their number of seats from 20 to 39, seems to show fears among voters that the single market, while boosting trade, will also increase pollution and environmental damage. The Communist

parties fared less well, the number of their seats falling from 48 to 40.

Conservative and center-right parties fared badly overall. In Germany, the most notable result was the gain of the extreme right, which won 6 seats, mainly at the expense of the Christian Democratic Party. In France, the split in the center-right resulted in a loss of 9 seats, bringing their total to 32 seats. The ruling British Conservative Party suffered an electoral defeat, losing 13 seats to the Labour Party, which received 45 seats, and exactly reversed the allotted number of seats since the last European election.

The campaigns revolved around both national domestic political issues and the future direction of the Community. Greece, Luxembourg, and Ireland combined general elections with the European elections, and important national polls will take place soon in the Netherlands, West Germany, and Spain. Consequently, European integration issues sometimes took a back seat to domestic politics. In Britain, the opposition Labour Party called the election a referendum on Prime Minister Margaret Thatcher's 10

years in power. West Germany saw it as a barometer for the popularity of Chancellor Helmut Kohl's Government.

Others, however, considered the election primarily as a chance to air E.C. issues and discuss the 1992 program. "The issue is whether you want a liberal Europe based on free market principles or a socialist-style Europe," said British Conservative Michael Welsh. E.C. Commission President Jacques Delors argued that these election results should be seen as a wider political trend. He said: "At the start of the 1970s, after 20 years of almost total triumph for social democracy, the neo-liberal [economic] movement emerged... Now there is a sort of backfire and the balance is being redressed."

On the whole, the new Parliament is expected to urge caution on environment and social grounds about a deregulated market. Belgium's Prime Minister, Wilfried Martens, noted that the results promised a more "active Parliament than in the past and a more intense dialogue between [it] and the [E.C.] Council of Ministers." —Reuters



**El Tercer Mundo en el programa de la Comisión para 1989**

Una de las principales actividades de la Comisión para 1989 será el examen de la política de la Unión Europea en el tercer mundo. El informe de la Comisión para 1989 será el primer informe de este tipo que se publicará en el tercer mundo.

(N.A.-A.N.) - The fifteen Allies with plus Ireland as an observer...  
 The Atlantic Alliance's nuclear posture.

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BRUXELLES 21 April 1989  
 21 April 1989  
 37th year

**EDITORIAL**  
 The EMU Report : For a "historic convergence"

We mentioned a few characteristics and highlights of the Delors Report; by publishing its full text we wanted to make a wide debate easier. It is too early to assess the probability that this project will be implemented in optimal conditions. Today everybody is forced to recognize the character of the monetary choice. We have always insisted on the fact that the Mr. Jean Peyrolowicz has just written the inspiration at the basis of the time" and the institutional aspect must finally answer the basis of the last word. dissociation forces will prevail in the end. The "ideological" opposition, which construction of Europe being political, the process at one stage or another of manifests itself mainly to justify "detaching" the process at one stage or another of its development. It is true that this process was imagined and explicitly defined as "pragmatic" character to justify "detaching" the process at one stage or another of its development. It is true that this process was imagined and explicitly defined as "pragmatic" character to justify "detaching" the process at one stage or another of its development. It is true that this process was imagined and explicitly defined as "pragmatic" character to justify "detaching" the process at one stage or another of its development.

...the real strong point of the political leaders should help it along. We can thus say that the real strong point of the political leaders should help it along. We can thus say that the real strong point of the political leaders should help it along. We can thus say that the real strong point of the political leaders should help it along. We can thus say that the real strong point of the political leaders should help it along. We can thus say that the real strong point of the political leaders should help it along.

DO NOT MISS : \*\*\* Cuba : EP Socialist group delegation to visit (p.3) - \*\*\* European company Statute : The Commission prepares the regulation (p.5) - \*\*\* Product safety : the global directive is ready (p.6)

# Who's afraid of the big, bad, fortress Europe? Maybe you!

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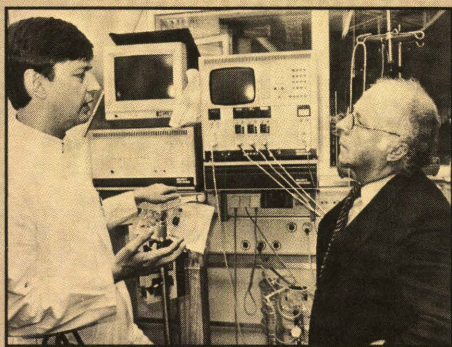


PHOTO COURTESY GERMAN INFORMATION CENTER

The E.C.'s R&D framework program includes a variety of projects, like AIM, dedicated to health care, and COMETT, which strengthens links between university research and business. This page: German Labor and Social Affairs Minister Norbert Blüm visiting a university lab.

**W**hen the E.C. Commission refers to AIM, BRITE/EURAM, COMETT, DELTA, DRIVE, and ERASMUS—acronyms that are, to some extent, quite curious—what is the institution talking about?

All of the above, quite simply, represent some of many research and development (R&D) programs, mainly at the precompetitive level, that the E.C. has initiated over the last few years. Many readers may be familiar with the two main European programs, ESPRIT and RACE, because of their success, but E.C. action in R&D covers a large range of activities, especially in the medical, transport, new materials, education, and translation system fields.

Although the E.C. has been involved in joint R&D programs since 1984, the Single Act, signed in 1987, officially launched a substantial European policy on scientific and technological cooperation.

To this end, a four-year technological R&D framework program was launched in 1984, defining principal scientific and technical objectives, and their respective priorities, and allocating financial support for the specialized programs. The cost of each research project is generally shared; half of the funds come from the Community budget and the other half from the participating company. For universities and research institutes, funding may be 100 percent of the additional cost involved in participation.

The present framework program has eight priority themes. Although there are many programs in very different areas, all of them have strong links one to another. For example, DELTA, AIM, and DRIVE are all designed to help in the application of information technology (part of the ESPRIT program) and of telecommunications (part of the RACE program) to key areas of economic and social importance.

# R&D: EUROPE TAKES

WITH HELP FROM  
THE E.C.,  
EUROPEAN  
SCIENCE AND  
TECHNOLOGY  
PROGRAMS  
ARE THRIVING.

The main objective of the Single Act was to accelerate the process of creating a large single market, in which the creation of a real European research and technology Community is essential to ensure economic growth through industrial development.

When looking at some statistics on the European R&D situation, one has to conclude that, out of a total of 37 key technology areas, 31 are dominated by the United States, 9 by Japan, and only 2 by Europe (software and data switching), and assume that some of these sectors are equally dominated by two countries. In 1986, four out of five patents in the new materials sector were registered by American or Japanese companies. The data industry, too, is essentially under the control of major U.S. and Japanese firms, and only one European company belongs to the top 10. This situation is the same in biotechnology and other sectors. In order not to fall even further behind the United States and Japan, a concerted R&D effort at the European level, aimed at defining and implementing technological and industrial strategies to stimulate demand for new products and services, was therefore becoming a necessity.

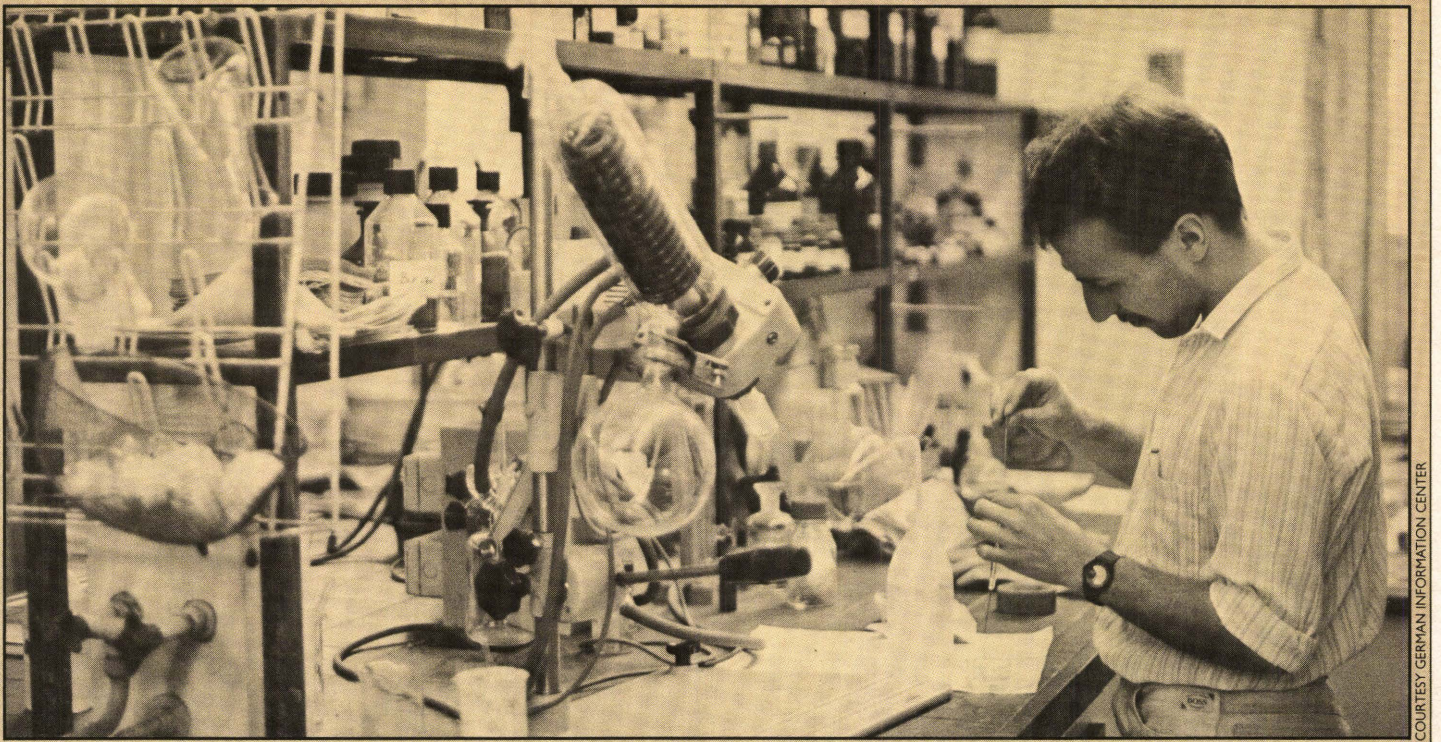
DELTA, which stands for Development of European Learning through Technological Advance, was launched in 1988 in an exploratory phase of 24-months' duration. It received a contribution of 20 million European Currency Units (ECU) (\$21 million) from the Community budget and supports the R&D required to enable the emerging new technologies to be used for the benefit of learning. It is structured on several levels: interdisciplinary cooperation on present and future learning support requirements (teachers, students, authors, and producers); cooperative development of advanced learning technology; and testing and validation, including communications (for example, the trial use of satellites for learning).

AIM (Advanced Information in Medicine) was launched in 1987. It aims to sustain qualitative growth in health care in the E.C. for the 1990s by exploiting the potential of medical and bio-informatics within economically acceptable limits. The projects center around research on medical databases, work stations, artificial intelligence, and fast or parallel processing.

DRIVE, the program for Dedicated Road

PHILIPPE GUICHARDAZ





COURTESY GERMAN INFORMATION CENTER

# ON THE CHALLENGE

Infrastructure for Vehicle Safety in Europe, also launched in 1988, has a budget of 60 million ECU (\$63 million). Some of these funds have been filtered into other programs like Prometheus, a project set up to develop an intelligent car. DRIVE aims to make a major contribution to the introduction of an integrated road transport environment by 1995, improved transport efficiency, and a breakthrough in road safety. Some of the studies already carried out include: alternatives in road safety communication systems (communication and navigation); traffic control for road safety in urban areas; and road management systems for safer driving on highways.

Another big success for European cooperation in the scientific field is BRITE (Basic Research in Industrial Technology for Europe). This program, like ESPRIT and RACE, is general and concentrates on the application of new technologies to the so-called traditional industries. Priority research areas are: laser technology; new testing methods; computer-aided design and manufacturing; mathematical modeling; polymers; composites; and new materials. Under the first phase of the BRITE program, 1,000 firms, research centers,

and universities have worked on 200 projects. The second phase starts this year and combines BRITE with the EURAM program, dedicated to new materials development. The new BRITE/EURAM project has a budget of 499.5 million ECU (\$525 million) for four years.

Because well-formed research is vital for the success of these programs, cooperation between European universities and industry must also be strengthened. The COMETT, DELTA, and ERASMUS programs are aimed at doing just that.

In 16th-century Europe, more students than today—in proportion to Europe's population in those days—trained in a country other than their own. Europe must rediscover this source of enrichment. ERASMUS, or the European Action Scheme for the Mobility of University Students, is intended to stimulate student mobility throughout Europe. It covers all study subject areas, including the social sciences. With a budget of 84 million ECU (\$88 million) for the period 1987-90, it finances grants for studies in other E.C. member states; subsidies for academic seminars with students from different countries of the E.C., and more.

Last, but not least, the E.C. has

launched COMETT (Community Program in Education and Training for Technology). This provides a favorable environment for the assimilation and diffusion of new technologies and strengthens links between higher education institutions and the business sector; it fosters the joint development of COMETT training programs by improving the availability of training in the Community. Its budget is 45 million ECU (\$47 million) for 1986-89.

First positive results are visible since the E.C.'s implementation of the many scientific projects. Nevertheless, the problems that the framework program has encountered at the political level show that full European cooperation on science and technology has not yet been reached, and that the E.C. still needs to overcome the attitude in some member states that it is a bureaucracy simply handing out subsidies. **€**

Philippe Guichardaz is a freelance writer based in Paris.





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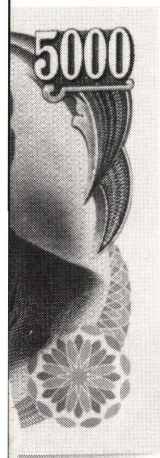
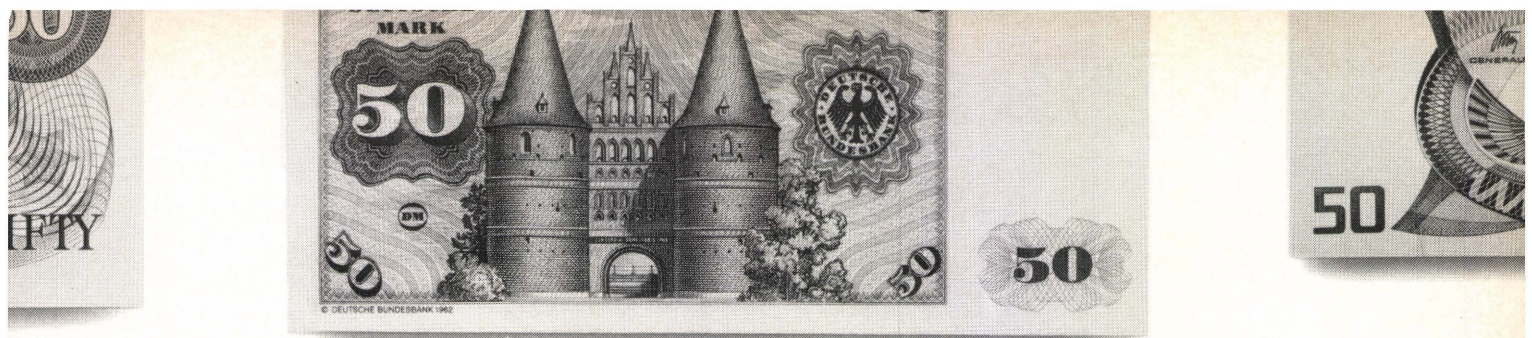
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## EUROPEAN AFFAIRS/TRANSPORTATION

**F**or more than four decades, Europe's air transport network has been governed by a patchwork of bilateral agreements negotiated between governments. In three years' time, that will all come to an end, however, as the E.C. tears down all its restrictive trade barriers.

ment's airlines, the type of traffic the airline may handle, and the capacity it may offer on each authorized route.

Under the current agreements, this means that the number of seats between European capitals or regional airports are precisely divided between the respective national carriers. Air France and Alitalia,

# EUROPE'S AIRLINES GEAR UP FOR 1992

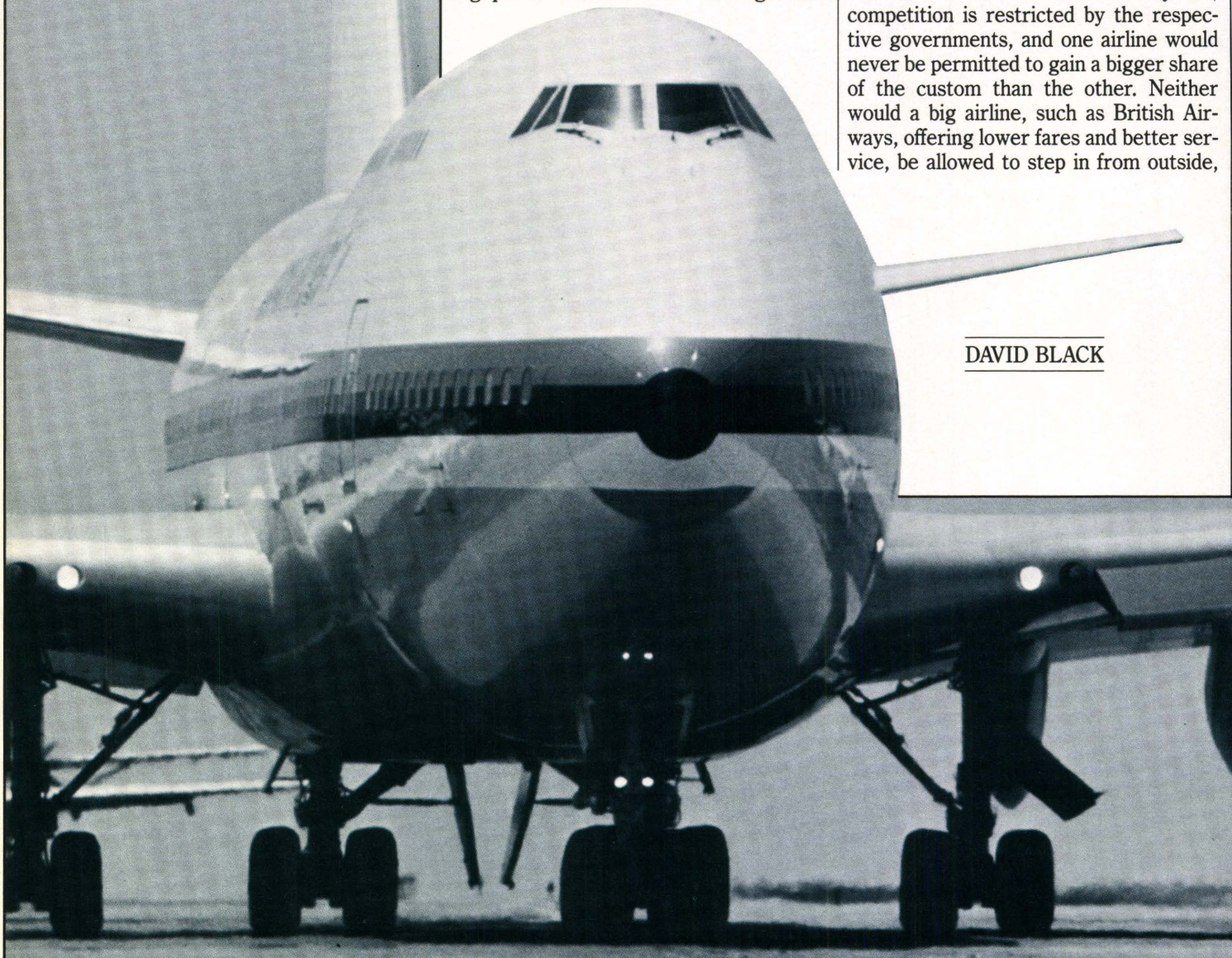
The move toward deregulation has already begun. Ireland, the Netherlands, and the United Kingdom are opening their skies to each others' airlines, and are largely abandoning the restrictions implicit in the so-called "five freedoms of the air." These define, for example, landing points authorized for each govern-

for example, will each have the same number of seats on the route between Paris and Rome. If one of them sees an opportunity to carry more passengers, and wants to fly more flights, it must share that increased market with its opposite number.

This mini-cartel is enshrined by law, competition is restricted by the respective governments, and one airline would never be permitted to gain a bigger share of the custom than the other. Neither would a big airline, such as British Airways, offering lower fares and better service, be allowed to step in from outside,

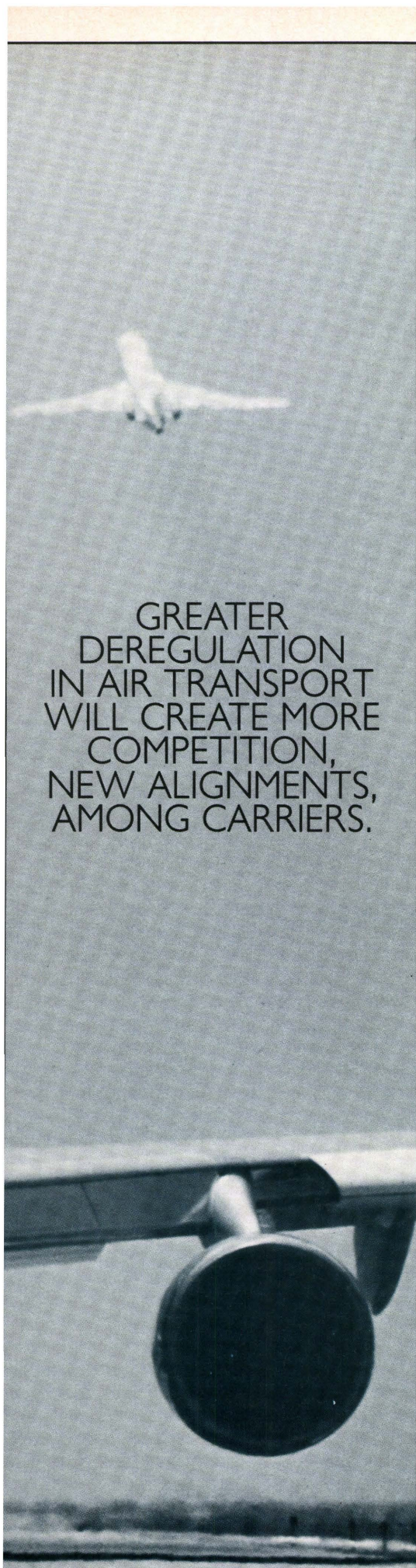
Airline deregulation is an important aspect of the single market. But because national legislations and cost structures vary in the 12 E.C. countries, Europe is unlikely to follow the U.S. example.

DAVID BLACK



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GREATER  
DEREGULATION  
IN AIR TRANSPORT  
WILL CREATE MORE  
COMPETITION,  
NEW ALIGNMENTS,  
AMONG CARRIERS.

with, say, a flight from London that picks up passengers in Paris, and then goes on to Rome.

Post 1992, this cozy cocoon is to come to an end. The planned deregulation for Europe will see a reduction in the role, involvement, and intervention of governments in the industry and, consequently, a string of privatizations of airlines across the Continent.

So far, only the United Kingdom and the Netherlands have privatized their main domestic airlines, British Airways and KLM. Other countries, such as Belgium, West Germany, and Italy have partially privatized their airlines, and similar plans exist for France and Portugal.

Europe's first attempt to bring airlines under the control of the E.C.'s Treaty of Rome competition laws failed in June 1987 when the United Kingdom and Spain disputed the status of Gibraltar airport. However, harmony was achieved within six months, and the member airlines of the Association of European Airlines started applying the policies even before they formally came into force in January 1988.

These include discount fare zones, bilateral capacity restricted to 40 percent-40 percent (instead of a straight two-way split), market access for member airlines to be governed by new guidelines on services to regional airports from foreign hubs, and a limited exercise of what is known as "fifth freedom" rights. These give an airline the right to pick up passengers in a foreign country and to carry them on to another foreign airport.

However, Europe not only doubts the wisdom of, but also sees serious physical problems in, going down the same deregulation path as the United States.

Europe is smaller than the United States and remains, despite the Treaty of Rome, a collection of sovereign states, each with their own legislations and commercial laws. This makes the application of a uniform deregulation policy across the region difficult. Also, the 150-plus airlines operate on vastly different cost structures, and the business community says that true competition cannot be achieved until the different commercial constraints, legal and otherwise, are harmonized.

In advance of the 1992 deadline, the E.C. Commission drew up a list of more than 300 instruments and laws required to harmonize national legislations. However, only about 100 have so far been adopted, and the E.C. recognizes that total harmonization cannot take place before 1995.

In addition, the pattern of international relations of the E.C. states, both among

themselves and with the rest of the world, has resulted in airlines that gain most of their revenue from international flights, unlike the experience of U.S. carriers. As a result, the domestic markets of some European states are too restricted to accommodate more than one or two scheduled airlines.

Most states have one major scheduled airline that they consider their flag carrier. Traditionally these airlines are state-owned and, as pressure to restructure grows, some governments are jealously threatening to protect their future prospects. As it is, many realize that they will have to privatize those airlines to free them from bureaucratic constraint and make them more economic. The alternative is for the governments to enter into the competition themselves.

The preparation for this more competitive market has already begun. Ten years of hindsight have shown that deregulation in the United States has brought about a great measure of concentration. Before 1978, there were 105 airlines in the United States. Deregulation saw 119 airlines enter the market but, within six years, bankruptcies, mergers, and liquidations had cut the number of operators to 75. Today the five top U.S. operators handle over 70 percent of the passengers.

In Europe, the big airlines have already begun buying into smaller domestic or national airlines, or have taken them over. British Airways acquired British Caledonian, Swissair bought 40 percent of Switzerland's other airline Crossair, and KLM purchased a similar stake in Transavia. SAS has agreements with British Midland, and KLM and British Airways are buying into Sabena.

According to the United Nation's Geneva-based International Labor Organization, which has carried out research into the consequences of deregulation, "in 1992 or 1995, European aviation will be dominated by five to seven mega-airlines capable of competing in world markets with other large airlines."

SAS provides an example of what the world aviation community can expect from such predatory giants. Lacking a solid market base within the E.C., SAS has embarked on an ambitious expansion program designed to turn it into a global airline, operating in the lucrative North Atlantic and Pacific Rim markets. It has attempted to purchase 40 percent of Aerolineas Argentinas, acquired 10 percent of Air Texas, and concluded cooperation agreements with All Nippon Airlines, Thai International, and Varig.

Continued on page 55.

David Black is transport correspondent for *The Independent*.



DESPITE THE LANGUAGE BARRIERS, CROSS-BORDER TAKEOVERS ARE MULTIPLYING.

# PUBLISHING: THE PRINTED WORD SEEKS A EUROPEAN AUDIENCE

**T**hese days, European publishing groups are battling for strategic positions in what should be a frontier-free Europe after 1992. They are looking for a European identity in commercial, political, and product terms. Though not yet on the scale of the Paramount, Time and Warner Communications confrontation in the United States, all major media groups in the E.C. are fighting for a market that, in 1989, is worth at least \$30 billion. Most, however, find that a European strategy alone is not enough, and that it must be accompanied by a global one.

The first attempt this year to launch a customized European daily, *The European*, carrying the slogan "Forward with Europe," did not survive the planning stages. Although it was sired by no less a person than Robert Maxwell, one of the most successful media tycoons in the E.C., there was neither the advertising potential nor the readership to sustain the project as a popular daily. Nevertheless, a less ambitious publication, with the same uncompromising political goal, may yet be launched.

The market for cross-border E.C. news is definitely growing. *The Independent*, the high-quality newcomer in the United Kingdom, has made an agreement with *Süddeutsche Zeitung* of West Germany, *El Pais* of Spain, and *La Repubblica* of Italy to exchange editorial material of European interest. *Le Figaro* of France, *Handelsblatt* of West Germany, and *Il Sole 24 Ore* of Italy have also made a similar agreement to pool their resources for conducting interviews, special surveys, and international polls. More such arrangements are certain to follow.

The problem facing these editorial initiatives is that there is, as yet, no such person as a "European" reader. The E.C.'s 1992 project will create a free market of 320 million people, but the market for information and entertainment—and thus for a large advertising base—is still highly fragmented.

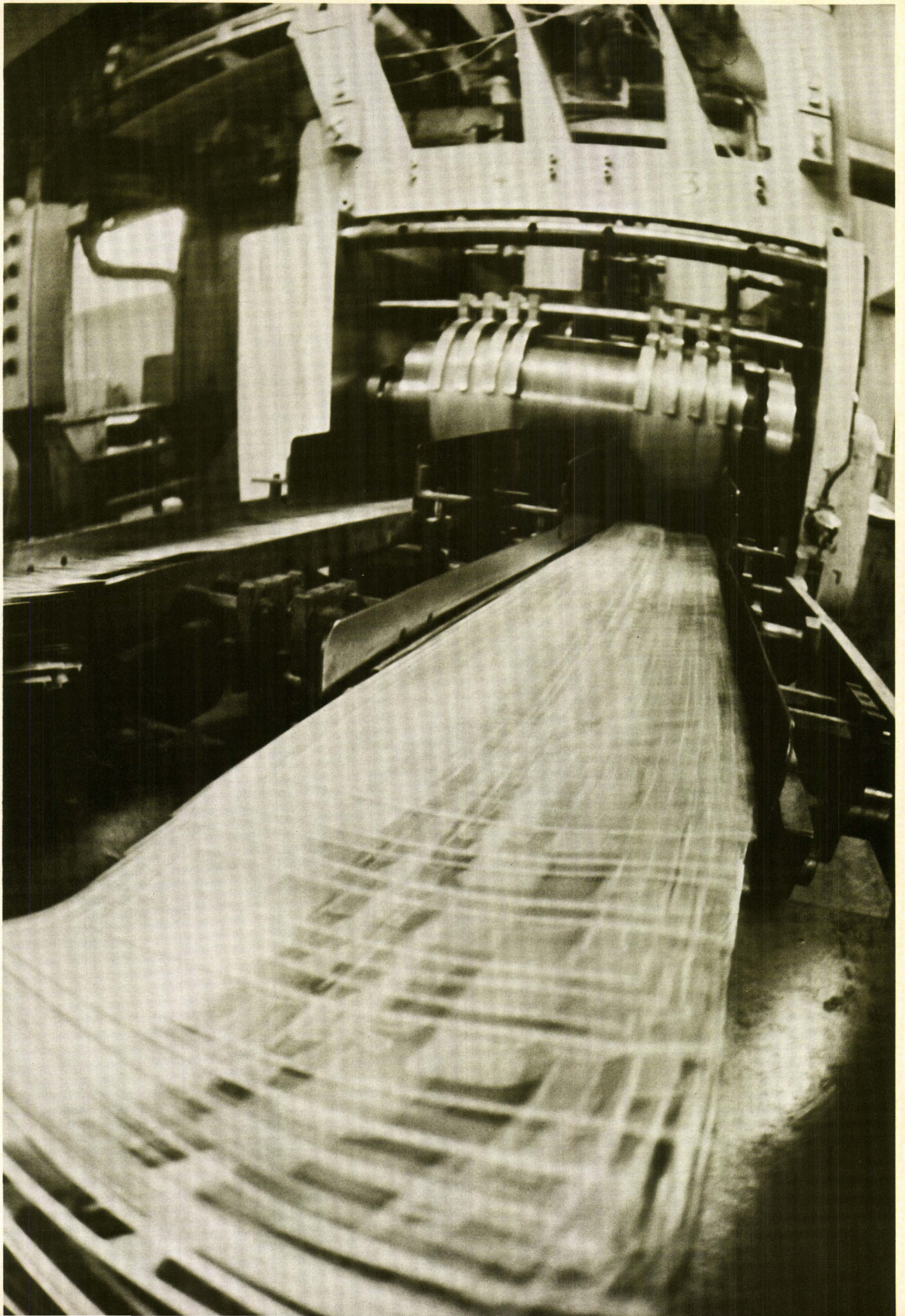
Language is the most obvious of these

**Despite all the national differences in media presentation, there is consensus that the industry will become more European in the 1990s and beyond.**

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LEIF BECK FALLESEN







# ONE SUCCESSFUL CROSS-BORDER PUBLISHING STRATEGY IS THE "SISTER" MAGAZINE, AVAILABLE IN SEVERAL LANGUAGES.

barriers. English is becoming the *lingua franca* of the E.C., but only very slowly. The French are investing a lot of energy and money into not only preserving, but also promoting, the French language. Spain and other southern European countries are supporting this Latin self-defense league. Television markets are rapidly converging, but even multinational programs often have to be synchronized into the national languages of the viewer, especially into German, French, and Italian.

In advertising, too, the cultural differences are striking. In the north of Europe, advertisements for a car like Volvo will stress safety and reliability. In Italy and France, on the other hand, beautiful ladies are considered vital to selling automobiles. Some agency executives claim that the only truly European advertising campaign has been the one launched in all the media by the U.S. company Coca-Cola. While this may not be true, it is a fact that U.S. and Japanese corporations have adapted easily to cross-border demands in Europe.

While it is thus still debatable what kind of European media market exists today, there is consensus that the market will grow rapidly in the 1990s, and that it will become more European. There is a global trend of very high growth rates in the media and communications industries, averaging 20 percent to 25 percent per year. Some even go so far as to compare information to oil (as a resource), claiming that the control of information will equal the control that oil had on us back in the happy OPEC days of the 1970s.

Whatever the merit of this claim, it is true that publishing, as part of multi-media groups, is a strong growth business. Economies of scale should make this a more European industry, a phenomenon that is taking place on the production side of the publishing industry. An-

other reason is that, if 1992 is a success, more products will cross borders because barriers come down and because the whole process should provide extra growth, and thus extra demand for imports.

The hopes of the E.C.'s media groups are pinned on current sales costs. In 1987, advertising expenditure in the E.C. was less than half of that in the United States, and there seems no inherent reason why European producers should not be forced by competitive pressures to spend as much on sales and marketing as their U.S. counterparts. The E.C.'s major media groups are betting that this will happen, but are hedging that bet with global investments, especially in the United States.

Bertelsmann of West Germany is the world's largest media group, pending the final outcome of the latest U.S. mega-merger. Its strategies are to concentrate on the printed media, and to be number one wherever it chooses to compete. Magazines and book and record clubs are the mainstay of the company's business, and Germany is used as the test bed for magazines that are later launched in other E.C. countries. West Germany's tough anti-trust authorities have helped convince the corporation that it needs to internationalize, and acquisitions in the United States include RCA Records, and book publishers Doubleday and Bantam Books. Bertelsmann's owner, Reinhard Mohn, is the exception to the rule that European media owners are flamboyant, aggressive, and outgoing personalities.

Britain's Robert Maxwell conforms easily to that image of the entrepreneur. His publishing empire consists of a broad range of publications, from scientific journals to tabloids, and even some highly political projects, such as the *The European*. Maxwell's global attitude is demonstrated by his interest in book-publishing house Macmillan of the United States. The free publication *The Glaswegian*, which bears the slogan "pure dead brilliant"—alluding to the sorry state of the former heartland of British shipbuilding, Glasgow on the Clyde—shows that he is not without humor.

The British media have in general been in the vanguard of cross-border moves in the E.C., obviously favored by language. Frankfurt is becoming a printing center for British newspapers, a trend that started more than 10 years ago with the *Financial Times* (which is now also printed in France) and that *The Guardian* has just recently joined. A large proportion of the readers of the prestigious weekly *The Economist* are also found on the Continent, but the paper has a truly

Atlantic readership, with 148,000 copies sold in Europe and 142,000 in the United States.

Hachette of France, fourth-largest in the world after Bertelsmann, News Corporation (owned by Rupert Murdoch), and the American Capital Cities-ABC, competes head-on with Bertelsmann, more or less using that company's strategy of launching sister magazines. The woman's magazine *Elle*, available also in the United States, is one of Hachette's most successful publications, catering to one of the fastest-growing consumer groups, the well-educated working mother.

In Italy, the media are closely allied to industrial interests. Giovanni Agnelli of Fiat controls *La Stampa* of Turin and, indirectly, *Corriera della Sera* of Milan, two of Italy's most internationally known newspapers. Paul Gardini of the food conglomerate Ferruzzi has a strong interest in Rome's *Il Messaggero* and the financial paper *Italia Oggi*. One of the most aggressive 1992 entrepreneurs, Carlo de Benedetti of Olivetti, is a major shareholder in *La Repubblica* and a number of other important magazine and book publishers. *Il Sole 24 Ore* is owned by a national industrial association.

All the popular magazines and newspapers are published in the national languages. The most distinct European market is for the business reader, who typically speaks and reads English. This creates an important market for the *Financial Times* of London, but also for the *Wall Street Journal Europe*, which is printed in the Netherlands.

But it is a fact that these European publications are only read by a small proportion, usually at the top level, of the internationally oriented business community. The majority of business readers, like all readers, prefer their native language. As a consequence, the *Financial Times* has bought the French financial paper, *Les Echos de la Bourse*, and plans to purchase other national newspapers, exploiting the synergy effects of the whole group. *Fortune* magazine is being published in French and Italian. In Spain, the French *L'Expansion* group shares its investment in financial papers with *Dow Jones/Wall Street Journal*.

Nineteen-ninety-two may create one European market for goods, but these will still be sold, described, and advertised by the national, rather than one European level, media for a long time to come. €

Leif Beck Fallesen is the economic director of the *Borsen* newspaper in Copenhagen.



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June 15, 1989



JOHN WILLS TUTHILL

As the European Community regains momentum to approach the goal of a genuinely free internal market of over 320 million people by 1992, there is an increased interest in the work, objectives, and perseverance of the man more responsible than any other for the post-World War II movement toward a united Europe.

Most of the analysis has been of how this man—Jean Monnet—managed to reason, cajole, argue, circumvent, and bully the reluctant European governments toward sharing or pooling of national sovereignty. But the analysts have, for the most part, lost sight of the man from the French Cognac area who never lost the strength, shrewdness, superstitions, and realistic self-appraisal of that basic strength of France—the men of the soil.

Monnet has been—quite correctly—called “The Architect and Master Builder of the European Economic Community.” A perceptive description of his ideals and objectives can be found in George Ball’s brief and moving introduction to Monnet’s *Memoirs*. The emphasis on Monnet’s goals and methods of achieving them tend, however, to obscure the man.

From the time of my assignment at the American Embassy in Paris in 1956 until Monnet’s death two decades later, I had the unusual opportunity—and great good fortune—to be with him often, both officially and personally. Now that the 1988 centenary of his birth has come and gone, it is time to shed more light on the personal attributes, the inner strengths, the acknowledged limitations, and the seductive powers of this man who has perhaps done more than any other to shape the world of the Atlantic nations in the second half of the 20th century.

George Ball shared Monnet’s determination to struggle for European unity. He and a number of other Americans were convinced that the individual countries in Europe, standing alone and each carefully guarding its sovereignty, did not represent viable long-term partners for the United States. Technological developments and the aftermath of the war left the individual European states inherently too weak in geopolitical, economic, and military terms. America needed stronger and united democratic allies. Most U.S. administrations in the first decades after World War II supported Monnet’s vision of a truly united Europe. There were, in fact, times when it was no exaggeration

# JEAN MONNET THE MAN

A FORMER AMERICAN AMBASSADOR  
REMEMBERS THIS EXTRAORDINARY  
FRENCHMAN.

to say that American governments were more “for European unity” than the Europeans. Certainly it was, from time to time, correct to say this regarding certain individual European governments.

Charles de Gaulle, a most articulate advocate of the nation state concept, was publicly and proudly opposed to the sharing of sovereignty that was, and still is, essential for a united Europe. The historic meeting and bilateral agreement of de Gaulle and Conrad Adenauer in January 1963 came only shortly after de Gaulle had vetoed British entry into the European Community charging, among other things, that Britain would be the “wooden horse” of American interests.

Monnet always had in mind a European institutional structure that would provide the framework within which Germany and France could work together and that would firmly anchor West Germany with the democratic world. He felt the two aging leaders, while properly motivated in terms of the need for German-French reconciliation, were wrong in attempting to achieve it through bilateral agreements.

In his memoirs, Monnet wrote: “Meanwhile, we had written a gloss on the Franco-German Treaty, which the parliamentary strategists turned into a preamble.” He managed to turn an obstacle into a step forward. Subsequently, the German Bundestag inserted the preamble into the agreement, thus providing for “the maintenance and strengthening of the cohesion of free peoples, and in particular close cooperation between the United States and Europe, common defense within NATO, and the union of Europe, including the United Kingdom,” and

placing it within an appropriate context.

Monnet, in facing problems, used to say: “Let us not sit on opposite sides of the table with the problem between us. Let us sit on the same side of the table and put the problem on the other side and solve it.” He used to carry in his wallet a quotation from Ibn Saud: “For me, everything is a means—even the obstacles.” By placing a disturbing bilateral agreement within the context of a united Europe and an Atlantic alliance involving the United States, Monnet, with his friends in Europe, managed to convert a problem into the means for progress.

Those of us who had been alarmed by the apparent narrow bilateral nature of the Adenauer-de Gaulle agreement may have underestimated the underlying strength of the urge toward European unity and the absolute need for French-German agreement within an institutional structure. To quote T. S. Eliot: “We had the experience but did not understand the meaning.” In any event, thanks to the Monnet-inspired preamble, developments since 1963 have channeled that initially bilateral agreement along lines that are not only constructive but essential for true European unity.

Monnet was convinced that unification could only be achieved by overriding the entrenched bureaucracies in European national governments. He knew that many bureaucrats in high places would be skeptical or would vigorously oppose moves toward European unity that involved sharing some of their national powers. Based upon his influence with the heads of governments and his conviction that the ideas furthering unity were right, he was prepared to wait them out.



To Monnet, "sovereignty" was the continuing villain. De Gaulle, on the other hand, was the prime supporter of this concept in the 1960s. But national views can change. *The Economist* noted that the French in 1988 "broadly accept that sovereignty, unlike virginity, can be lost in stages and . . . can also be shared."

Monnet would have been embarrassed by the question of credit for uniting Europe. He wanted institutions involving commitments that would survive. "When an idea answers to the needs of an epoch, it ceases to belong to those who invented it and becomes more powerful than those who serve it," he wrote in his *Memoirs*.

In December 1960, after the election of U.S. President John F. Kennedy and his Vice-President Lyndon B. Johnson, the latter visited Paris with Senator William Fulbright. I was there at that time, negotiating a new organization that would become the Organization for Economic Cooperation and Development (OECD). At George Ball's request I made an appointment for Johnson and Fulbright to meet Monnet. During the drive from the hotel to Monnet's office Johnson took out a letter that he read to Fulbright and me, which clearly came from a close friend. He wrote: "What's a Texas cowboy like you doing meeting with a French philosopher like Monnet?" Subsequently I learned that the letter was from Philip Graham, then publisher of *The Washington Post*.

To the extent that I could be heard through the rush of words from Johnson, I pointed out that the author of the letter did not understand Monnet. Monnet, who did not have a university education, came from the soil of the Cognac region in France (he started life peddling that splendid product, Monnet Cognac). I explained that he had all the strength and shrewdness of a French peasant, which he combined with an extraordinary personal knowledge of many key people throughout the world. He would have ridiculed the description of himself as a "philosopher."

Monnet's single-minded drive for European unity can be illustrated by his treatment of the revolving door of American Ambassadors who wandered in and out of Paris during the postwar years. He had one message for each of them—but most failed to understand or act upon it. The message was this: the Europeans were creating a unified Europe of equal partners. While Monnet hoped that the American Ambassador in Paris would be successful in encouraging strong French-American relations, he urged the United States not to make any agreement with

France that it was not also prepared to offer to Germany.

It should be added that Monnet's policy of non-discrimination, especially in terms of Germany, included nuclear agreements. That was the basis of his support for a European Multilateral Nuclear Force. Monnet felt that Germany should have an important role in all aspects of security, including nuclear. President Johnson's withdrawal of American support for this proposal made it clear, however, that the time had not yet arrived for Europe and America to deal with this difficult subject.

Monnet's emphasis upon clear objectives led him to resist interference of events or people not consistent with their attainment. He did not see any reason to spend time (or, in his view, waste it) with people not involved in the pursuit of such objectives. Accordingly, he was not interested in "small talk" on unrelated subjects.

From the early days when the European Coal and Steel Community was formed, Monnet supported, argued, and fought for Britain's inclusion in the European unity movement. This effort was intensified once the Common Market was in place. In the early 1960s, I mentioned to him that, if Britain came in, Norway and Denmark would also have to be invited. He was appalled by that thought. He demanded to know why and, despite my explanation, remained adamantly opposed to Scandinavian membership. Subsequently, of course, Norway was invited and then, in a referendum, decided not to join; Denmark joined in 1974 and remains a member to this day.

I can well imagine Monnet's lack of enthusiasm regarding the recent Portuguese, Spanish, and Greek accession, and the possibility of adding Turkey and one or more of the neutrals in the future. If you will, Monnet wanted a "little Europe" consisting of those major democratic countries whose economic and political structures were sufficiently harmonious to allow them to seek agreement on basic policies.

Monnet resisted distractions. The most acrimonious meeting I ever had with him and George Ball was at a luncheon at my home in Neuilly during the early days of the Kennedy Administration. Ball stated that the view in the White House was that the Allies were on a "collision course" in Berlin and that something should be done about it. Monnet, who at that time had little interest in Berlin, joined Ball in wishing to seek ways in which the American, British, and French roles in Berlin could be altered, reduced, or eliminated.



Jean Monnet, architect of the European Community, possessed "the strength, shrewdness, superstitions and realistic self-appraisal of that basic strength of France: the men of the soil."



I had been in Berlin from late June 1945, and was there off and on until the summer of 1947. I was again in Germany and Berlin in the American Embassy from 1952-56. I had then—and still have now—strong views about the position of the Western powers in Berlin. I gave Monnet and Ball a heated presentation, saying that nations, like individuals, inherit certain obligations that cannot be avoided without loss of integrity. I stated that the Berlin obligation was one of those and that, in my view, there was no way for the Allies basically to alter it. We had to stand firm.

Monnet's sentimental attachment to America was reflected in his annual celebration of Thanksgiving—American-style. For years my contribution to this dinner was to purchase and present to him a U.S. Embassy commissary frozen turkey, together with the necessary cranberry sauce and other fixings. After I left Paris I turned over that happy responsibility to a colleague. I believe Monnet maintained this tradition to the end.

Monnet carried with him many of the superstitions of the French peasants. During the Kennedy Administration George Ball visited Europe frequently. After each visit he, Monnet, and I would have breakfast at the Plaza Athène, after which Ball would take off for the airport. After one such visit, Monnet and I were walking down Avenue Montaigne waving farewell to Ball, when Monnet stepped in a rather large dog muss. He turned to me and said: "Oh, it's all right. It's good luck." For once I remembered more about one French superstition than Monnet, and replied: "It's only good luck, Jean, if you step into it with your left foot." He retorted: "That's right," and immediately proceeded to do so with his left foot.

In his address of September 13, 1988, before the Council on Foreign Relations, Ball noted an important secret to Monnet's effectiveness, that is, "his lack of personal ambition." As Ball pointed out, "because he never challenged a political figure as a rival, he could easily gain his audience." This point has not been sufficiently emphasized. Many—or perhaps most—advocates of strong positions in government policies are suspect be-

cause of the sometimes all too obvious personal political advantage that they wish to achieve via their advocacy.

An illustration of Monnet's emphasis on action—and, if necessary, battle—is to be found in his comments on the Development Assistance Committee (then known as the Development Assistance Group), which became part of the OECD in



**To achieve European unity, Monnet envisaged an institutional structure within which Germany and France could cooperate.**

early 1961. The Development Assistance Committee (DAC) was formed to achieve "an increased and improved flow of aid to the developing countries." The word "improved" referred to the conviction that more of the assistance should be either in grants or very long-term and low (subsidized) interest loans. The DAC, composed of OECD members and Japan (Japan was not yet in the OECD), was designed to exert pressure on each of the affluent industrialized countries to do more for the developing world.

When the DAC was formed, a distinguished but rather orthodox American Ambassador was named as the first chair-

man. After the committee had been in existence for several months, Monnet asked me how things were going. I replied in a bland sort of way that all was going well. Monnet asked whether there were any disputes and serious arguments, to which I replied in the negative. He looked at me disdainfully and said: "If there are no disputes and arguments, there is also no progress." He was right; the DAC at that stage was stagnant.

Monnet had an unflinching sense of the sources of political power. His Action Committee for the United States of Europe consisted of the top representatives of the conservative and socialist parties of Europe, and the key non-Communist trade unions. He did not worry about governments; if he had support from the two major parties and the trade unions, country by country, the government bureaucrats could not stop a proposal. Monnet always stressed the word "action" in the title of his Commission. He was not interested in running a think-tank, but wanted specific proposals that would help propel Europe toward unity.

He also had remarkable perspective on seemingly intractable situations. Between the two wars, Monnet went to China as adviser to that government on the construction of the railway system. He and his staff became frustrated in their efforts to understand precisely what the Chinese wanted. Monnet told me that he called his staff together and said: "I don't think we'll ever understand the Chinese.

Therefore it is essential that they understand us."

Monnet had his first experience working with an international institution when, after World War I, he became Deputy Secretary of the League of Nations. He held that position for approximately five years, from 1919 until 1924. This experience with an institution with no basic executive authority and incomplete membership (that is, the absence of the United States) must have conditioned Monnet toward building institutions not unduly fettered by national governments. In brief, Monnet dreamed of a united Europe that could deal as an equal with the United States and thus create a permanent Atlantic alliance consisting of the two democratic pillars—the one in Eu-

Continued on page 54.





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# FRANCE

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**W**ith the economy booming and both President François Mitterrand and Prime Minister Michel Rocard riding high in the public opinion polls in France today, it is often difficult to remember how unstable the French politico-economic scene appeared barely one year ago.

In May 1988, Mitterrand was triumphantly re-elected for a second seven-year term. Jacques Chirac, his chief rival in the elections and Prime Minister of the then Conservative Government, which had been in power for the previous two years, immediately tendered his resignation, and the Socialist Rocard was appointed in his place.

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DIANA GEDDES

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The old right-wing-dominated parliament was dissolved and new elections were called for June 1988. But far from winning the landslide victory that many had been expecting, the Socialists failed even to gain the absolute majority of seats that Mitterrand had said he needed in order to form a stable government.

Such a situation was unprecedented under the Fifth Republic. There was talk of a political crisis. Mitterrand was forced to go on television to assure the nation that: "France is being, and will continue to be, governed." He pointed out that, although 14 seats short of an absolute majority, the Socialists nevertheless formed the biggest single group in the French Parliament. Other European democracies managed to function perfectly normally in similar situations, he added.

The Socialists nevertheless felt it prudent to start seeking new political allies in Parliament. With their progressive shift toward the political center, the most obvious candidates appeared to be the deputies on the center-right, rather than their erstwhile allies among the dwindling band of Communist deputies.

For a time last summer, it looked as though the center-right was going to allow itself to be seduced by the Socialists' ardent wooing. Half a dozen centrists agreed to become ministers in the new Rocard Government. There was even talk of the possible formation of a center-left coalition with one of the leading right-wing moderates, Raymond Barre, as Prime Minister. But those early attempts at what was known as *ouverture* quickly fizzled out.

By dint of a few tactical concessions, sometimes to the left and sometimes to the right, the Socialists have nevertheless managed to govern perfectly adequately over the past year. They have pushed through a number of reforms, and have only resorted three times to the steam-rolling procedure provided for under Article 49.3 of the French Constitution.

When Rocard first took office, many considered him a bit of a political lightweight. There were doubts as to how long he would stay the course, particularly in view of his past open rivalry with Mitterrand. Rocard had twice challenged him as the Socialist Party's candidate for the Presidency—in 1980 and again in 1988—and had twice been forced to withdraw.

Not only has Rocard lasted, however, but he now looks set to remain in office for some time, despite the French Socialists' disappointing showing in the June

European Parliament elections (see also p. 24). He has grown in stature and authority over the past year, appearing less nervous, more patient, and more relaxed. And he has succeeded in introducing a new style into French politics—less doctrinaire, less confrontational, more credible.

His critics, both on the right and the left, complain that he lacks greatness of vision and has contented himself with the management of the nation's everyday problems rather than introducing ambitious grand-scale reforms. He has been far too timid and lacking in courage and imagination, they charge.

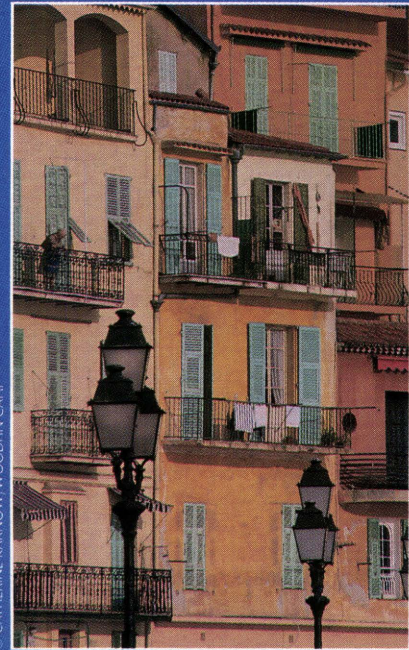
His supporters, however, maintain that he has been responding to the French people's desire for a period of calm and consolidation after the political and legislative upheavals in France over the past few years. And they point to his extraordinarily high rating in the opinion polls—higher than the President himself—as proof of this.

It must be said that Rocard, and indeed all the Socialists, have greatly benefited from the continuing disarray among the traditional right-wing parties. The neo-Gaullist RPR and center-right UDF parties have not yet recovered from their resounding defeat in last year's presidential elections. The three main leaders on the right—Jacques Chirac, Valérie Giscard d'Estaing, and Raymond Barre—all appear discredited, despite Giscard's relative success in the recent European elections, and no one of sufficient status has yet been found to take their place.

With the emergence of the National Front on the extreme right and the shift of the Socialists to the center, it is no longer even clear what exactly the so-called moderate right stands for in France. On a wide range of issues, there is now little to distinguish it from the Socialists.

This is particularly true of the economy. One of the first decisions taken by the Rocard Government last year was to leave unchanged the previous Conservative Government's budget. Such a thing would have been unthinkable when the Socialists first came to power eight years ago, railing against the evils of business profits and promising a "rupture with capitalism."

Today, Rocard freely admits that he is "committed to free market principles," although he says that these must be "tempered by the claims of social justice." But, on the basis of his record over the past year, it is difficult to see exactly



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THE FRENCH  
ECONOMY'S 1988  
SHOWING  
WAS THE BEST  
IN YEARS.



what he means by this. Social security and family benefits have not been significantly increased. Tax cuts have favored business more than the poor. And even wage increases in the public sector have been kept below the rise in inflation.

The only overtly "left-wing" economic measures that the Government has introduced are the new wealth tax on the nation's 100,000 richest citizens, and the "guaranteed minimum income of social re-integration." Under this scheme, the worst-off may receive up to 2,000 French francs (\$300) a month for an individual, or 3,000 French francs (\$445) for a couple, in return for an undertaking to engage in certain activities, such as training for a job, designed to help their reintegration into "normal" society. The new benefit is payable for a maximum of one year.

Other than these two measures and the cessation of the previous government's ambitious privatization program, the Socialists have adopted an economic line similar to that of their Conservative predecessors: continuing the liberalization of the economy, proceeding with the harmonization of taxes with their European partners in preparation for the single market of 1992, giving priority to the progressive reduction of the budget deficit (already less than 2 percent of gross domestic product), and providing incentives to business to create new jobs.

When the Socialists returned to power last year, the French economy was already showing encouraging signs of recovery. Inflation, which had been running at a rate of nearly 14 percent in 1981, had been brought to below 3 percent. Industrial production was beginning to rise after six years of virtual stagnation, and business investment had begun to pick up. There were nevertheless two black spots: a high unemployment rate of over 10 percent, with an upward trend, despite a slight fall in the number of the jobless due to the introduction of expensive government work and training schemes; and a worrying foreign trade deficit, with France continuing to lose its share of world trade.

A year ago, the economic outlook in France was still uncertain. No one was sure which way things would go. Some feared recession, others renewed inflation. In fact, the French economy over the past year has exceeded the most optimistic predictions, and now looks set on a stable, favorable course for the foreseeable medium-term future.

Nineteen eighty-eight was the best year economically for France for more

than a decade. The economy grew by 3.8 percent, while industrial production rose even faster—by nearly 5 percent. Companies saw a spectacular rise in profits and industrial investment rose strongly. However, unemployment remained high and the trade deficit rose slightly to 33 billion French francs (\$4.9 billion).

This year, inflation has begun to edge up again slightly, largely as a result of the rise in oil prices. At the end of May, it was running at an annual rate of 3.7 percent. There was, nevertheless, satisfaction in France that the inflation gap with Germany, its main trading partner, had virtually disappeared and was at its lowest level since 1973.

Meanwhile, economic growth is continuing strong and looks set to top 3 percent again this year. Exports have reached record levels, although there are still worries about the trade deficit. This does not seem to be affecting the French franc, however, which is holding firm on the foreign exchanges. The French stock exchange is booming, attaining an all-time record high at the end of May.

Storm clouds are perceptible on the horizon, however. This autumn will see a new round of wage bargaining and the unions, particularly in the public sector, are certain to want a bigger slice of the refund national wealth after years of meager pay increases. Last year, the Government managed, to a great extent, to resist pressures for big pay rises, despite a succession of disruptive strikes by nurses, public transport workers, prison wardens, teachers, postal workers, air controllers, and others. But will it be so successful this time?

Rocard can certainly be counted on to do all he can to prevent wages causing a new inflationary spiral. Inflation means a loss of jobs, he says, describing the continuing high rate of unemployment as his "obsession." In an attempt to hold down wage demands, he has been painting a very cautious picture of the state of the country's economic health: "France is still going through a difficult period . . . The French economy is still convalescing," he said on television in April. But will he be heard, or believed? **€**

Diana Geddes is a freelance writer based in Paris.



CATHERINE KARNOW/WOODFIN CAMP

In their first year in power, the Socialists pushed through several reforms, and have adopted a less doctrinaire, more credible style of governing. Clockwise from top: Villefranche in Provence; the Auvergne region; Marseilles; a Paris park.



CATHERINE KARNOW/WOODFIN CAMP



SEPP SEITZ/WOODFIN CAMP

The Government has adopted the economic liberalization principles of its conservative predecessors, which seem to work: Growth is strong and exports have reached record levels.



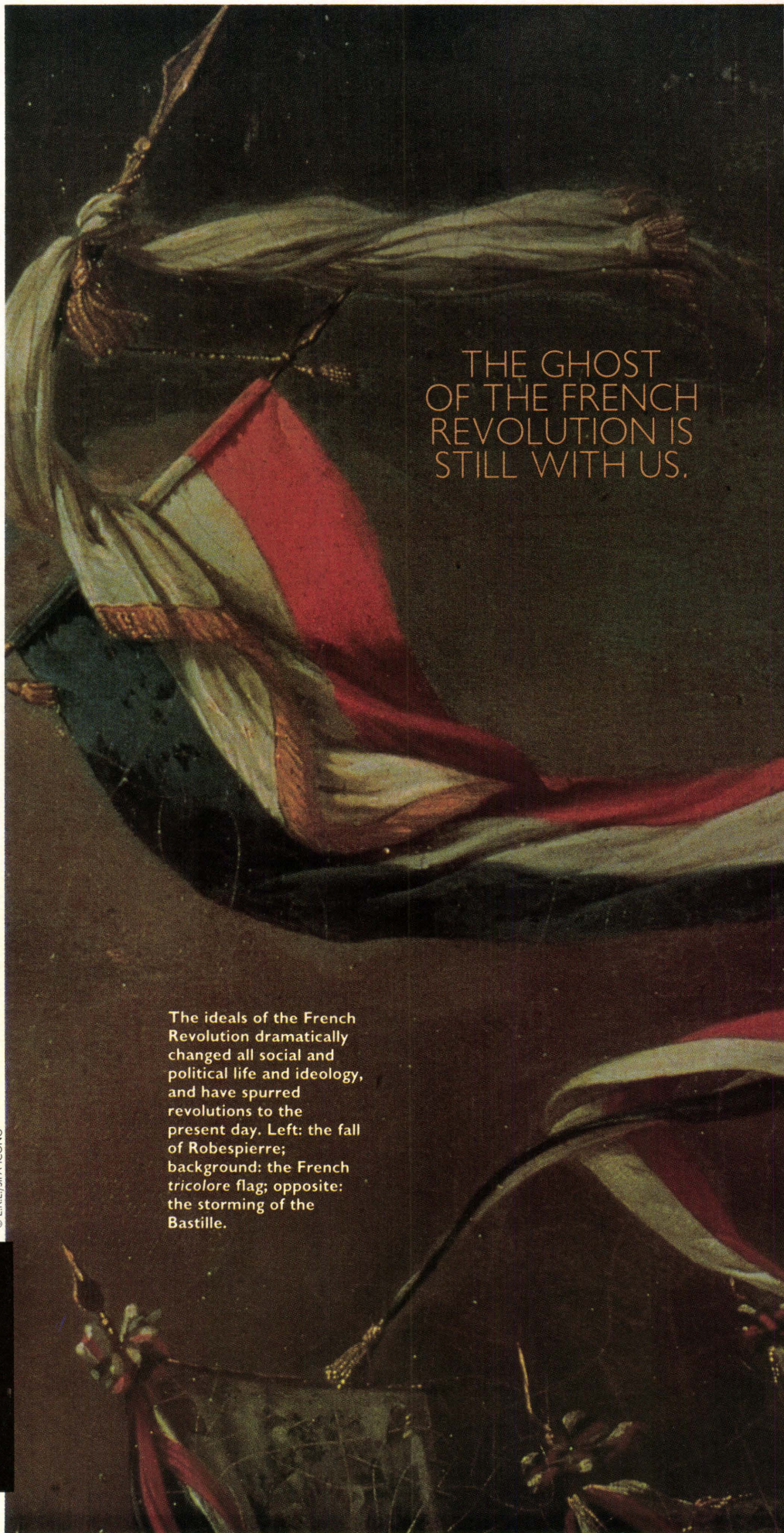
# LIBERTE, EGALITE, FRATERNITE

“A specter is haunting Europe—the specter of communism,” Karl Marx proclaimed in the *Communist Manifesto*. He had the wrong specter. It was not the Communists—an obscure, unorganized, tiny, and scattered band—that governments feared. It was the restless ghost of the French Revolution that once again walked abroad and caused governments to tremble. The haunting would continue until our own century.

The French Revolution of 1789 is one of the fundamental events of modern history whose impact can still be felt in faint aftershocks. The Revolution created modern political culture, changed the definition of revolution, and linked democracy to revolution. It also bequeathed to subsequent generations an example of the theory and practice of revolution and the assumption that revolution was the ultimate and appropriate solution to political and even social problems. The creeds of Socialism and Liberalism, the idea that sovereignty is in the nation whose citizens possess inalienable rights, and the belief that only a state and government created by the national will and expressed in a constitution are legitimate, are the legacy of the French Revolution. So is the idea that the nation itself is the expression of the aspirations of its citizens, indeed the entity that makes them citizens. Even the language of post-revolutionary politics, the designations of right and left, for example, comes from the French Revolution.

Before 1789, the word and concept of revolution meant abrupt and unexpected, even drastic, change, but change that occurred without human volition or ac-

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THE GHOST  
OF THE FRENCH  
REVOLUTION IS  
STILL WITH US.

The ideals of the French Revolution dramatically changed all social and political life and ideology, and have spurred revolutions to the present day. Left: the fall of Robespierre; background: the French tricolore flag; opposite: the storming of the Bastille.



DAVID P. JORDAN

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tion. The philosophers of the 18th-century Enlightenment believed they were witnessing a revolution in culture. The long evolution and progress of the human mind was coming to fruition. The men of the French Revolution, so deeply indebted to the Enlightenment tradition, rejected this kind of revolution. They wanted to change the world, make it anew, create a better, even a perfect, society. It was not the play of contingency in human affairs that brought change, as the philosophers taught, it was the will of men. The French Revolution created the modern meaning of revolution, and also gave the world a new type of man, the revolutionary. Maximilien Robespierre, the self-conscious and self-proclaimed voice of the Revolution, leader of the Jacobin Club, itself a novel and pregnant political creation, was the most famous of this new breed of the professional revolutionary.

In the course of the Revolution, the ideas of sovereignty, nationalism, and revolution were welded together to become a weapon that would be wielded often throughout the 19th century and into the 20th century. The most obvious legacy of the French Revolution is seen in French history during the 19th century. Two French governments fell to revolution, while the rest of Europe trembled in fear and responded with reaction. And a new generation of revolutionaries, fleeing Russia or Prussia, Italy, or the Austrian empire, took refuge in Paris and London where they dreamed of revolution and theorized about it. Karl Marx was of their number.

Consequently, central themes of European history in the 19th century are revolution and counterrevolution. After Napoleon (who put the Revolution on horseback) was defeated at Waterloo, the allied monarchs sought to immunize their countries from the French disease of revolution. They outlawed freedom of expression, curtailed any political activity that seemed even tinged with democracy, and jailed or exiled those who openly professed the ideals of the French Revolution—*liberté, égalité, fraternité*. This

reaction to the French Revolution was more successful outside than inside France.

In 1830, the restored Bourbon kings were once again dethroned and expelled. The same classes—the bourgeoisie and Paris artisans and shopkeepers in coalition—and the same ideas and rhetoric that had triumphed in 1789 were again successful. But this time there was no Terror and no republic. Louis Philippe, a first cousin of the Bourbons, was made the constitutional king of France. When he was driven out in 1848, the thrones of Prussia and Austria, among others, tottered and almost fell.

Alexis de Tocqueville, the author of *Democracy in America* and one of the shrewdest students of revolution, saw in these 19th-century upheavals a continuation of 1789. But there was a significant change: *égalité* was now the most imperious demand of the workers, and this threatened the very foundations of political liberty as envisioned by the men of 1789. The heritage of the French Revolution was about to be transformed by the revolutions of 1848.

From 1789 to 1848, the enemy, at least in theory, had been the old order and the aristocracy, whose privileges were traditionally sustained by the church. But in 1848, the coalition between bourgeoisie and workers lasted only long enough to drive Louis Philippe from the throne in February. By June, the alliance was in shambles and the workers of Paris and the bourgeoisie faced and fired upon each other across the barricades. Socialism, also a child of the French Revolution, but relatively unimportant before 1848 as a viable program, now became the ideology of the workers. Henceforth, the revolutionary legacy would march with some form of Socialism. Not only had revolution been necessary to dislodge the old order, now it was to be used to dislodge the bourgeoisie as well, for they had replaced the aristocracy as the enemy.

Karl Marx is the key figure in this transformation of the revolutionary inheritance. He joined the theory and aspirations of Socialism to the revolutionary tradition derived from 1789. In his hands, revolution became the instrument for achieving social and economic justice and equality by overthrowing the bourgeoisie. This new and powerful synthesis was eventually transmitted—via Marx' polemical and theoretical writings—to Russia, where the first Socialist revolution was fought. It is interesting to note that, shortly after their victory, the Bolsheviks erected a statue to Robespierre, whom Lenin proclaimed a forerunner of Bolshevism. The French Revolution had be-

come, in the course of 19th-century theorizing, the archetype of revolution, its leaders heroes of the left. The Bolsheviks saw themselves as descendants of the Jacobins, as part of a great, ongoing revolutionary struggle. The myth of revolutionary continuity was created.

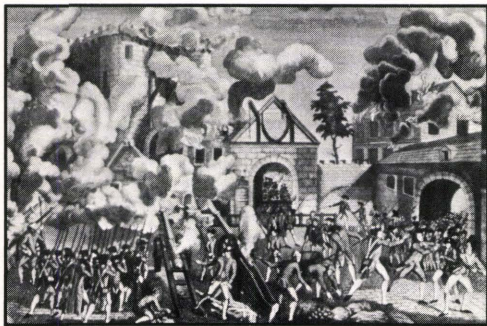
And what of America? The two great democratic revolutions of the 18th century drew their philosophical sustenance from a common source, the European Enlightenment, and were linked in even more mundane ways. The absolutist government of Louis XVI had sent gold, soldiers, and ships to sustain the American rebels. One might think a common parentage, similar ideals, and a kind of French lend-lease program would have brought France and America close together. In reality, their revolutions separated the two countries. Relations between the two were often strained to breaking and for many years were cool at best. George Washington's presidential farewell address of 1791, with its famous warning to avoid foreign entanglements, as well as the notorious "XYZ Affair" (when the French Directory Government tried to extort a bribe), indicate the chasm created by the two revolutions. So, too, does the biography of Thomas Paine, whose pamphlet *Common Sense* had galvanized American resistance to British rule. But he recoiled from the Terror and languished in a French prison for months, potentially a victim of the guillotine, before finally being released. The two democratic revolutions, whatever their similarities, were profoundly different.

America, unlike France, did not have to repudiate her past to assert popular sovereignty and nationhood. America's rebels could, and did, demand the rights of Englishmen, to wit a representative government given legitimacy by the will of the people and guaranteed by the rule of law. And, despite the bitter and bloody struggle between the American rebels and those who chose to remain bound to England, America had neither a privileged aristocracy nor an established church to settle with. Most of those who had fled or been driven out, and had their land confiscated, did not return to the United States. The new republic was spared the generations of recrimination and revenge that afflicted France.

The legacy of the French Revolution today has more potency as myth than reality in Europe and America. It has become domesticated as a respectable academic subject whose substantial lit-

Continued on page 54.

David P. Jordan is professor of history at the University of Illinois.



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# FRANCE ASSUMES THE E.C. PRESIDENCY

THE BIG SINGLE MARKET ISSUES—  
MONETARY UNION, THE SOCIAL  
DIMENSION, AND INTERNATIONAL  
TRADE—TOP THE AGENDA.

COLM BOLAND

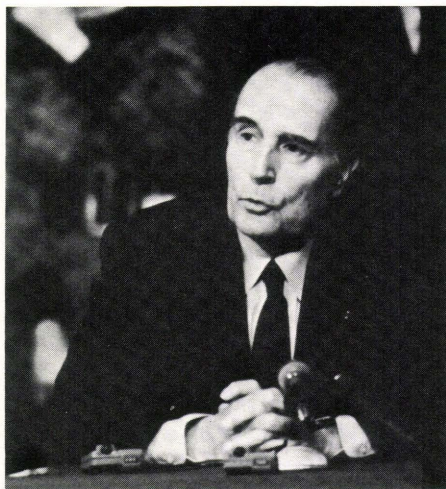
**T**here has been a long-standing feeling in Brussels that 1989 would be the year of the French. While the rotating presidency of the European Community was in Spanish hands for the first six months of the year, there was a feeling that the Government of Spanish Prime Minister Felipe González was unwittingly positioned to prepare the stage for French President François Mitterrand to mark the 200th anniversary of the French Revolution with a tour de force at the helm of E.C. affairs.

French diplomats disagree with those who have suggested that their compatriots within the E.C. bureaucracy have deliberately steered the juicy dossiers toward the second half of the year. They argue that the Spanish did much to put some big political issues on the rails, such as the proposals for European economic and monetary union, and the draft of the controversial E.C. Charter on Fundamental Social Rights.

These mega-issues, they continue, could never have become conclusive agreements within the short six-month time span allowed to any one member state's chairmanship. And even though the French hope to give a solid shove to negotiations on these issues between now and the end of December, it will probably be well into 1990—when the Irish and Italians hold the E.C. presidency—before concrete results begin to emerge.

The French seem to have a special passion for the monetary and social dimensions of the single European market. On the monetary side, Mitterrand is said to be the most keen among E.C. leaders to plow ahead toward a single European currency and central bank. And on the social dimension, French Prime Minister Michel Rocard has warned that Europe after 1992 cannot become "a jungle," or a kind of "no-rules marketplace."

Indeed, as the huge E.C. market un-



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French President François Mitterrand.

leashes its potential whirlwind effects, care must be taken to protect the interests of workers, the unemployed, consumers, pensioners, and other social groups, so that the 1992 project does not merely benefit big business.

France will also be using the presidency to protect Europe's cultural identity and diversity against the voracious harmonizing spiral of the single market. In this area, the French are already at the forefront of demands for E.C. rules on guaranteed quotas for European-made programs to ensure that the satellite and cable television revolution does not swamp the Continent with cheap American or other foreign programming.

They hope instead to step up E.C. measures to encourage and financially support European film and television production. (In this context, they acknowledge that Europe is a bigger cultural stage than the 12-nation E.C., and their plans envisage participation by the full 22-nation Council of Europe and even some East European countries.)

The French Presidency also promises an important technical debate on the future of the E.C.'s research and development framework policy, in which there

could be more emphasis on electronics and less on nuclear power. Overall, the approach to joint E.C. scientific development is likely to be more hard-nosed and market-oriented.

Important, too, will be the continuing negotiations on E.C. tax harmonization in the run-up to 1992. The French would like a common withholding tax system (levied at source on bank deposits) to prevent a damaging flight of capital from their banks before all exchange controls on capital transfers are lifted from July 1, 1990. That idea may now be doomed, however, since West Germany had to drop its withholding tax earlier this year when money started to drift to neighboring Luxembourg—which has no tax and refuses to introduce one.

Talk now is of greater emphasis on cooperation between member states in order to prevent tax evasion and fraud and thus to reduce the incentive to move savings from one country to another in this way.

The world, worrying about a "Fortress Europe" after 1992, will be looking on with interest at French policy on external trade, since France is regarded by many to be very protectionist. French diplomats view this as unfair, arguing that the E.C. should not promise full and free access to the single European market without gaining something in return, meaning by this reasonably parallel access to markets elsewhere around the globe. This, the argument continues, is only right, considering that the E.C. is about to give formidable opportunities to the rest of the world by eliminating its internal trade barriers.

The French see 1992 as only part of a worldwide liberalization of trade. For example, the opening of international markets in financial services is a key part of the General Agreement on Tariffs and Trade's Uruguay Round. French experts view it as silly to promise full and free access to E.C. markets before negotiations are even underway.

They point out that, in the new banking directive, for instance, a good compromise has been reached on the concept of mutual access, or reciprocity. Under this arrangement, U.S. and other non-E.C. banks are promised a fair chance of winning lucrative E.C. banking licenses that permit them to set up shop throughout the Community without having to run the gauntlet of varying and often restrictive rules in the individual member states. ❧

Colm Boland is the European correspondent for *The Irish Times* in Brussels.





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B O N J O U R ,

# MICKEY MOUSE

**S**ixty years ago, when Mickey Mouse first flowed from the pen of creator Walt Disney, who would have imagined that the most famous mouse in history would one day take up residence in Europe? But in a few years, when Euro Disneyland opens its gates just outside Paris, Mickey Mouse will do just that.

Until 1983, Disney parks were confined to American shores—the very successful theme parks in Anaheim, California, and Orlando, Florida. Then, on April 15 of that year, Tokyo Disneyland opened, and became an instant hit. Disney executives learned much about operating an overseas theme park from that experience, and when they began to search for a site for a fourth park, they decided to look to Europe. (In fact, Europe had provided inspiration for Walt Disney himself, who had spent many hours at Tivoli, Copenhagen's famous 125-year-old amusement park.)

Disney's executives knew that the demographic profile of Western Europe was promising for a new Disney development for a number of reasons. Not the least of these was that the audience was already familiar with Disney entertainment and merchandise. In fact, Disney animated films have historically done even better in Europe than in the United States.

From 1983-87, the company searched for sites in the United Kingdom, France, Germany, Spain, and Italy, and finally narrowed the possibilities down to the Costa del Sol in Spain and to Paris. Spain had the edge in climate, but France had a bigger population base and was served by

an excellent transportation network. And, after the successful opening of the first cold-weather Disneyland in Tokyo (its first winter was the worst in recent history), Disney executives knew they could operate in similar weather in Paris, which is on virtually the same latitude as Tokyo. The nod went to Paris.

The 1,945-hectare park site is 32 kilometers due east of the center of Paris, halfway between the two international airports of Orly and Roissy-Charles-de-Gaulle. The French railway's regional express network connects the area with the Paris metro system, and major highways are all nearby.

For the most part, reaction from citizens, local businesses, and the French

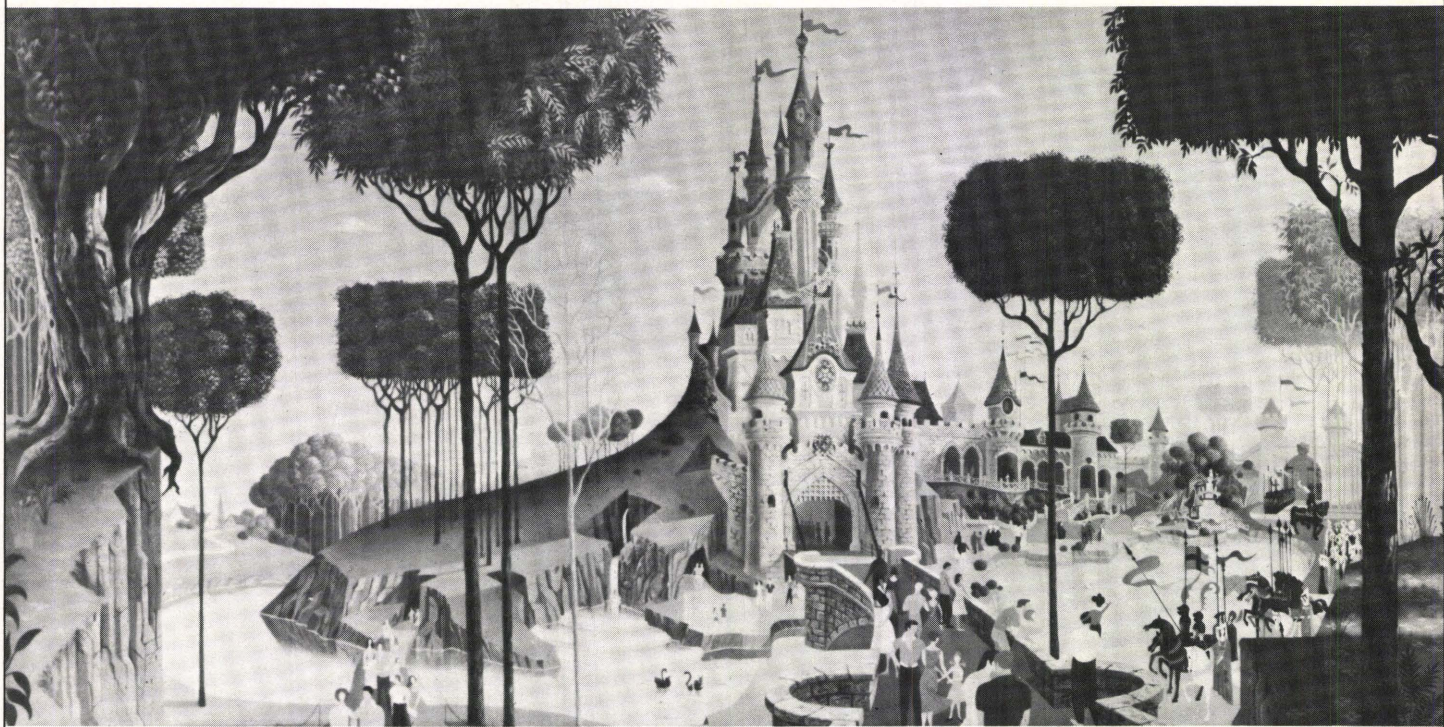
Government itself has been overwhelmingly favorable. In 1955, the French Government passed a law decreeing the gradual development of certain areas, called "New Towns." Euro Disneyland will be built on the site of one of these. Area farmers, whose sugar beet fields have been in the same families for a hundred years or more, initially were concerned about losing their farms, but Disney worked with locals to alleviate any potential problems. Now many of them speak with a certain amount of pride that people from many nations will be coming to their corner of the world. The Government appropriated the land and fixed the market value, setting aside five villages to remain intact. Disney signed the contract on March 23, 1987.

"This is an area of tremendous unemployment," says Jack Lindquist, Disney's executive vice president for creative marketing concepts, "so the economic benefits to the region will be great. Tourism brings a lot of revenue into an area without requiring a lot of costly social services, such as schools and hospitals, in return."

Disney has already set up offices in the New Town of Marne-la-Vallée. From this base, the company will eventually hire 12,000 "cast members," as employees are called—everyone from engineers, animators, and designers to show performers and kids—to don Disney costumes. About 6,000 of them will work in the Magic Kingdom, 5,200 in hotels on the property, and the remainder in recreation and support functions. Disney plans to give priority to those who speak French

*DISNEY'S  
THEME  
PARK  
COMES TO  
EUROPE.*





Sleeping Beauty's castle is a fairytale design based on antique book illustrations. It will lie at the center of Euro Disneyland's Magic Kingdom. The European theme park is expected to open in 1992.

and at least one other language.

Robert Fitzpatrick is the American president of Euro Disneyland. A former president of the California Institute of the Arts, Fitzpatrick joined the Disney project three years ago. Two other top managers, who are currently spending time at Disney's U.S. parks learning from the "home office," are vice president of marketing Jean-Marie Gerbeaux, a 19-year Renault alumnus, and operations director Bernard Geiben, who was a security consultant in Paris.

Formed in 1987, Euro Disneyland S.A.R.L. is a French subsidiary of the Walt Disney Company, and will be designed and operated by a Walt Disney management company on behalf of owner companies now being formed. The two French owner companies will be owned jointly by Disney and investors from France and other European countries. Disney will be a major investor in the owner companies, along with others from France and other European nations. Euro Disneyland will operate the Magic Kingdom portion of the park, and the company will select firms to operate other portions of the project at a later date.

Euro Disneyland will be similar in many ways to the Disney parks in California, Florida, and Japan, although it will draw also on European themes, such as cuisine and direction signs. Like its predecessors, Euro Disneyland will operate year-round—in spite of its northern location. Designers plan extensive foul-

weather protection, including special walkways from one area of the park to another.

The project site is approximately one-fifth the size of the city of Paris. Phase I will open in 1992 on 500 hectares, including 57 hectares in the Magic Kingdom, 33 hectares in service areas, and 41 hectares in parking. Fitzpatrick predicts the park will attract 11 million visitors during its first year—50 percent from France, 40 percent from other Western European nations, and 10 percent from the rest of the world.

If Euro Disneyland is anything like its

counterparts elsewhere around the world, the venture is sure to include an aggressive growth policy. Among other things, plans are being considered to enlarge the Magic Kingdom and to add a second, separately gated theme park, offices, and additional shopping, dining, entertainment, and housing. After all, Walt Disney's philosophy was to "plan past your lifetime."

"We're just getting started," Disney chairman Michael Eisner said last May at the opening of the Disney/MGM Studio Theme Park in Orlando, Florida. "Our corporate strategy is to pour profits back into our own business, not into corporate takeovers of companies not in our field."

That's good news for kids all over the world. *N'est-ce pas, Mickey Mouse?* €

Diana Scimone is a freelance travel writer.

*Despite its American origins, Euro Disneyland will also draw on European themes.*

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# NEWS OF THE E.C.



A year after the E.C. and the Eastern bloc's Comecon established mutual recognition (above), the E.C. has signed trade agreements with Hungary and Czechoslovakia, and is proposing trade packages with the Soviet Union and Poland.

## TRADE

### E.C. PROPOSES TRADE ACCORD WITH SOVIET UNION, POLAND

The E.C. proposed a 10-year trade and economic cooperation agreement with the Soviet Union in May, only a year after the two parties established diplomatic ties for the first time.

Frans Andriessen, the E.C. Commission Vice President in charge of external relations, offered to scrap import quotas on some Soviet goods and to increase cooperation in science, technology, transport, energy, and the environment. In return, the E.C. wants better access for its businesses to the Soviet market. The proposed accord must now be approved by all 12 E.C. Governments.

Andriessen also suggested that the E.C. might be more generous over import quotas for Polish goods and trade in agriculture. He further proposed that the European Investment Bank help Poland and other Eastern European coun-

tries to alleviate their foreign debt problems.

Hungary and Czechoslovakia have already signed trade and cooperation agreements with the E.C., negotiations are under way with Poland and Bulgaria, and will start soon with the Soviet Union and East Germany. The E.C. has frozen discussions with Rumania because of E.C. criticism of that country's human rights record.—*Reuters*

## SOCIAL ISSUES

### THE "EUROPEAN" STUDENT

A large increase in the number of applications for the ERASMUS student exchange program demonstrates that demand for greater student mobility is rising. In its third year of operation, 31,194 students applied for positions in study-abroad programs, compared to some 19,000 the year before. Over 2,200 of these applications came from higher-education establishments interested in in-

ter-university cooperation programs (ICPs).

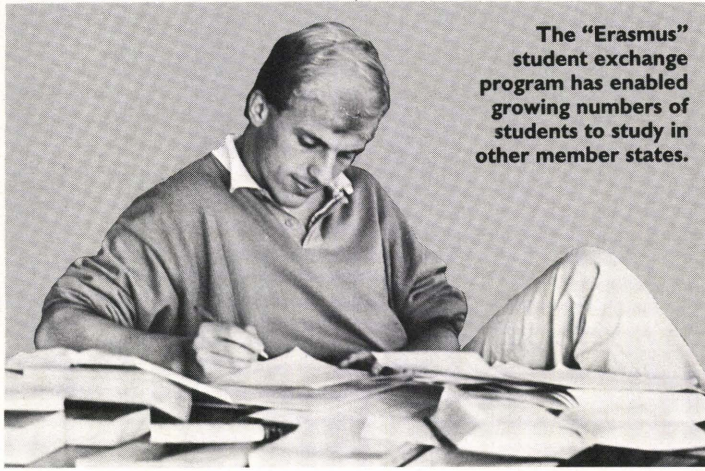
Although a large proportion of the students involved in the ICPS come from West Germany, France, and the United Kingdom, a rising interest has been noted in Denmark, Greece, Belgium, the Netherlands, Italy, and Portugal. Most in demand are language courses, and engineering and management classes.

The program's budget, increased from 30 million ECU for 1988-89 to 52.5 million ECU for 1989-90, provides mobility grants for students to study in

E.C. countries other than their own. It is estimated that about 25,000 students will receive a grant for the 1989-90 academic year, bringing to 42,000 the number of students receiving grants in the first three-year phase of the program.

### COMMISSION PROPOSES PLAN AGAINST CANCER

The E.C.'s "Europe Against Cancer" program aims to reduce by 15 percent the number



The "Erasmus" student exchange program has enabled growing numbers of students to study in other member states.



of deaths caused by cancer before the year 2000. To this end, the Commission has adopted a proposal for a 1990-94 action plan to strengthen and continue the activities of the first action plan (1987-89) in the fields of prevention, information, health education and training in the medical professions.

Health information remains a priority under the second plan. Since the program's co-sponsors will take on more responsibility for the dissemination of information, funds will be re-allocated to other priority areas, such as the promotion of pan-European studies on nutrition and cancer, and support for health personnel wishing to be trained in another member state.

## BUSINESS

### E.C., U.S. DISCUSS STANDARDIZATION AND CERTIFICATION

In a joint communique on standardization and certification issued in late May, the United States and the E.C. stated that they shared the goal of liberalizing trade and investment.

Both sides underlined their commitment to international standardization bodies and transparency in standardization. They agreed to continue the recently initiated dialogue between European and U.S. standards bodies and officials. A meeting of officials from both parties will be held in Brussels later this summer to examine issues of mutual concern in the area of technical regulations and related standardization activity.

The parties also stressed that transparency and openness should apply in the field of testing and certification, and that imported products should have the same access to conformity assessment procedures as domestic ones. They concluded that exploratory discussions be-

## AID AND DEVELOPMENT

### E.C., ACP AGREE TO BAN TOXIC WASTE TRAFFIC

In an important gesture to the Third World, the E.C. has agreed in principle to ban all toxic waste traffic to the 66 African, Caribbean, and Pacific (ACP) nations. African states especially have complained that they are used as a garbage dump for poisonous chemicals by industrialized nations whose laws ban dumping at home. The issue received increasing attention following a series of scandals in which developing countries received unsafe cargoes of highly toxic substances.

The agreement came after talks on the next Lomé Convention, an agreement between the E.C. and ACP countries on trade and aid. "Both sides agreed that the next Lomé Convention should make substantial improvements to the Basle Convention," said E.C. Develop-

ment Commissioner Manuel Marin. The African states did not sign the 116-nation Basle Convention last March, which seeks to check the growing trade in toxic waste disposal. Raymond Chasle, Mauritian Ambassador to the E.C., said that "we are very satisfied with the E.C. offer to make the transport of toxic waste impossible," stating that the two sides would now start work on details of the pact, the terms of which would be incorporated into the national laws of all members of the Convention. There was disagreement, however, on exceptions to the ban. The E.C. wants it to be flexible enough to let member states export some types of toxic waste if Third World states acquire the technology to dispose of it safely. The ACP countries, on the other hand, say that no technology has been developed to safely dispose of such waste.—Reuters

tween E.C. and U.S. representatives should be opened. These would prepare negotiations for the mutual recognition of tests and certificates of conformity for products subject to regulation, and encourage the conclusion of mutual recognition arrangements between the parties in non-regulated product areas.

### CONSUMER CREDIT TO BE HARMONIZED

E.C. Consumer Affairs Ministers recently agreed to harmonize the way in which the cost of consumer credit is calculated to make it easier for consumers to shop around for cheap credit. This new calculation method will allow consumers to look anywhere in the E.C. for the best deal in credit cards, home mortgages, and car loans. France and Germany, which currently use different methods of calculation, agreed to harmonize their systems with those used in the other 10 member states.—Reuters

## ENVIRONMENT

### RICH NATIONS MUST HELP POOR WITH ENVIRONMENTAL CLEANUP

Rich nations have a duty to help poorer countries pay for a cleaner environment, E.C. Commission President Jacques Delors told an environment conference in May. He called for a long-term approach to environmental problems, through which the "capital stock of nature" and the costs of harming it would be evaluated in financial terms.

Wealthy nations "have an equal responsibility for the debt burden carried by developing countries, the effect of which is to make them push environmental policies into the background, forced as they are to exploit their tropical forests and land," he said. The destruction of the Amazon rain forests in heavily-indebted Brazil, for ex-

ample, would have long-term environmental consequences that would far outweigh immediate financial gains.

Scientists have blamed the gradual warming of the earth's atmosphere on the increase in carbon dioxide resulting from the destruction of forests. This warming is expected to cause dramatic changes in weather patterns and agricultural production.—Reuters

## INTERNAL MARKET

### E.C. CAR INDUSTRY TO FACE MORE COMPETITION

Martin Bangemann, Sir Leon Brittan, and Frans Andriessen, the E.C. Commission Vice Presidents responsible respectively for industry, competition, and external relations, have chosen the E.C.'s automobile sector—which accounts for one-third of world production and employs over 10 million people—to prove that the single market will indeed be open.

In a recently released blueprint on the future of the car industry, they argue that the free market approach will best serve the interests of European manufacturers by forcing them to match the productivity and quality of Japanese competitors. The E.C. motor industry, which Bangemann says "appears able . . . to face the Japanese challenge within the E.C. itself," must be thrown open to full international competition after 1992. He accepts that the European industry will have to invest heavily to improve productivity and research and development to close the gap with the Japanese.

These conclusions are disputed by mass volume carmakers, notably in Italy and France. Opposition centers on plans to abolish, by 1993, national import quotas for Japanese cars that are currently imposed by France, Italy, Spain, Britain, and Portugal. The paper miti-



gates the impact of the new measures only during a transitional period when the Japanese would agree to increase their exports to the E.C. gradually.

The motor industry is also upset by the paper's welcome to outside investment. This includes the assertion that Japanese firms setting up in the E.C. must not be constrained by the "local content" requirements, which oblige them to buy a certain number of domestic labor and parts. Moreover, the Commissioners want investors from third countries to be eligible for the same incentives as their European competitors.

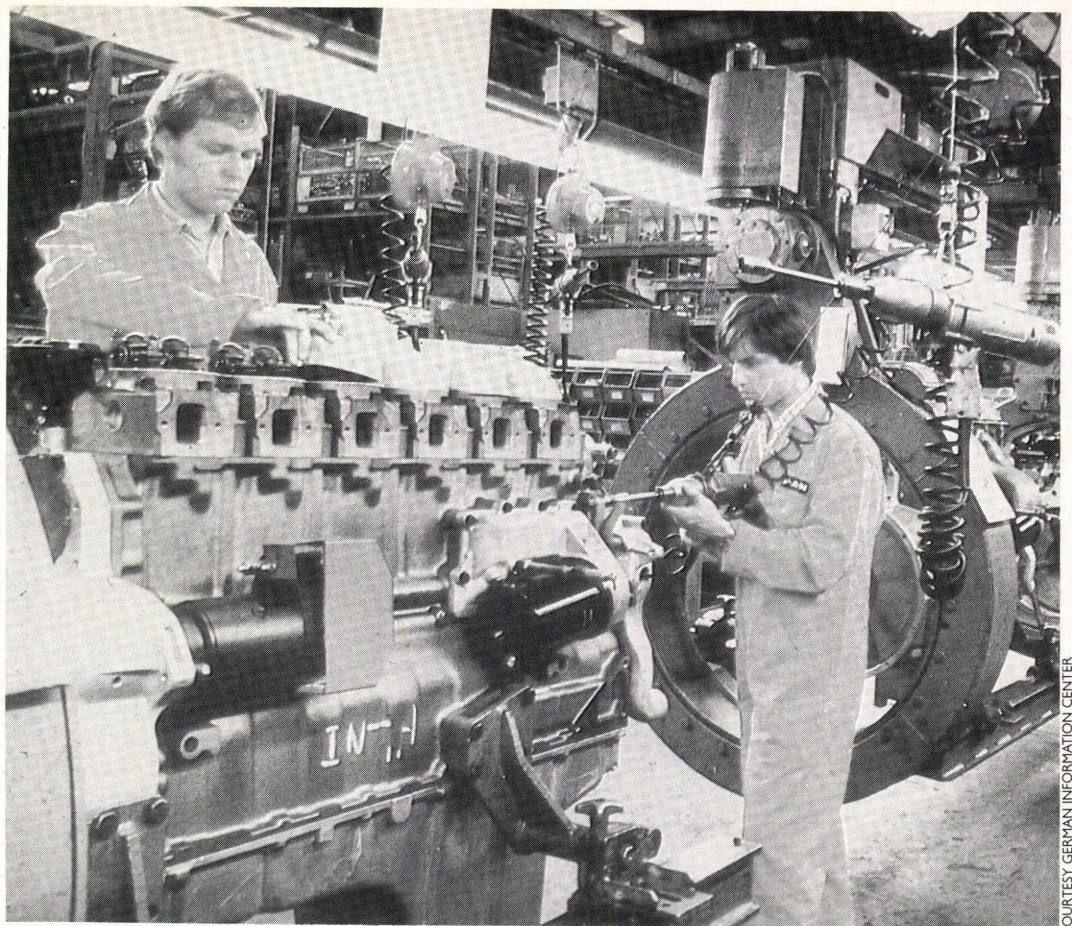
The strategy paper also announced plans for a single E.C. car-type approval, meaning that new models licensed in one E.C. country would require no additional tests to be sold in others.—Reuters

## BUSINESS FORESEES 1992 INDUSTRIAL SHAKEOUT

At the International Monetary Conference in Madrid in June, leading European executives warned that the creation of a single market may force a shakeout as industry prepares for stiffer competition.

"All industrial development since the 18th century has involved fewer people producing more value," explained Percy Barnevik, chairman of the Swiss-Swedish engineering group Asea Brown Boveri. He predicted that only one-third of the companies now operating in the E.C. would survive the 1992 shakeout.

Dieter Sihler, chairman of the West German detergents group Henkel KGaA, noted that a recently published economic survey warned of a bleak post-1992 future for most medium-sized companies, adding that large firms based outside the E.C. may initially benefit most from the single market. Sihler also pointed out that business executives would welcome a coherent, workable E.C. approach. "We would like to have one cartel office only . . . at the



E.C. Commission Vice President Martin Bangemann says the European car industry must prepare for stiffer competition as a result of 1992. Above: MAN's automobile plant in Augsburg, Germany.

E.C. level. We don't want competition among [national] cartel offices."

Jean-Louis Bessa, chairman of the French glass producer Saint-Gobain, argued that European industry would have to face drastic restructuring with or without 1992. "The problem is outside competition," he said. "Europe 1992 is not the problem, it is an answer. One should not attribute to 1992 problems that come from elsewhere."

—Reuters

## PARLIAMENT PROPOSES AMENDMENT TO "TELEVISION WITHOUT FRONTIERS"

The European Parliament has warned that the rules for the "television without frontiers" directive could run into trouble if the E.C. Commission rejects an amendment that would force television stations to show a 50.1-percent minimum of Euro-

pean programs by 1993. The directive, adopted by E.C. Trade Ministers in April, currently requires stations to show a majority of European programs only "where practical."

A group of European cultural personalities has asked the Parliament to defeat the directive in its present form, demanding strict quotas on non-European programs. "Unless we promote European production, Europe will simply become a passive receiver of outside broadcasts," said Roberto Barzanti, the Italian MEP who led the campaign for the 50.1-percent minimum. "We're not talking about protectionism. This is about the necessity to preserve the richness and diversity of our cultural heritage."

This amendment is opposed by the United Kingdom, West Germany, and the Netherlands. They agreed to support the current directive only after France had dropped demands for strict quotas on non-European programs. The directive aims to prevent growing satellite tech-

nology from flooding the E.C. with inexpensive American television programs, often full of sex and violence. The plan also restricts advertising to at most 15 percent of daily transmission time.

The United States regards the restrictions on foreign programming as protectionist, although Barzanti noted that the United States accounts for 80 percent of world television output and that European programs held only about 2 percent of the American market.—Reuters

## EUROPEAN AFFAIRS

### REGIONAL POLICY IN THE 1990s

"The Single Act set us on the road to a single internal market, [and] it also contains a parallel commitment to . . . Community cohesion. This means reducing the widening gap between levels of prosperity in the different



regions and social groups of this now very large Community," said Bruce Millan, E.C. Commissioner for regional policy.

Speaking at a conference on "Regional Policy in Europe in the 1990s" in Madrid, he pointed out that "we are [politically] committed to a Community in which all our member states and regions must participate in its future economic development."

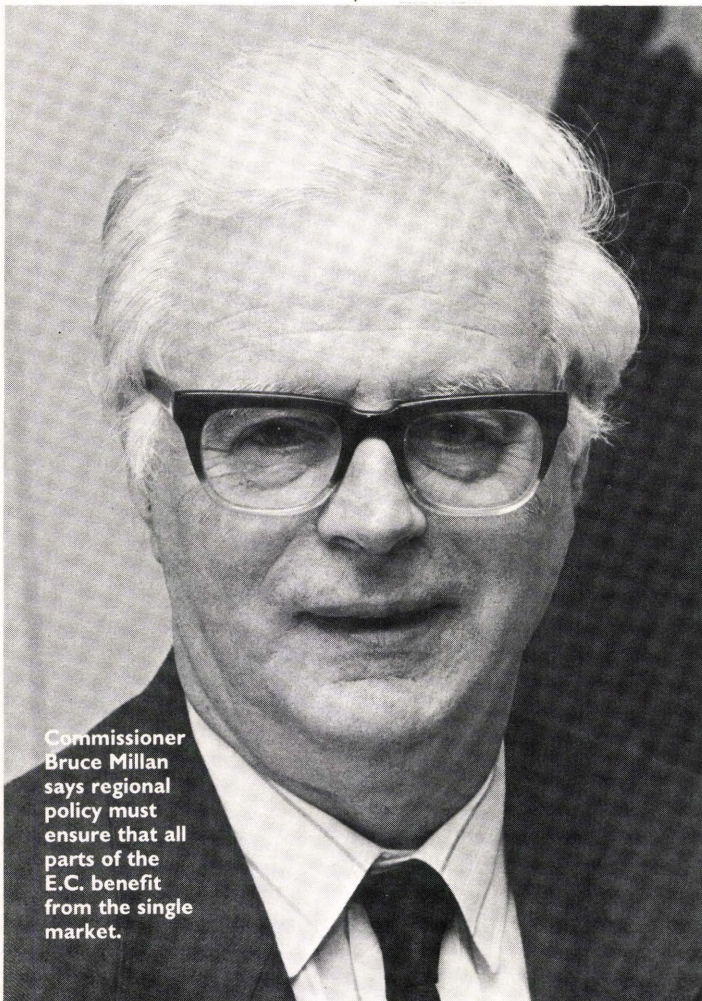
He noted that certain economic considerations should make the E.C. think seriously about further concentrating resources in its central regions, extending from southern England to northern Italy.

First, there are limits on the amount of development that can take place in the central part of the E.C. without overwhelming it with the growing problems of pollution, traffic congestion, and insufficient and poor housing—all threats to the quality of life. Second, it is possible that a "vicious circle could develop in the less developed

and declining industrial regions if economic expectations slump into a general process of decline," resulting in old infrastructures, a deserted countryside, unemployment, emigration, and lack of incentives for inward investment.

Millan also addressed the special concerns of inner cities: "There is a particular problem in some larger cities, which may be, on the whole, prosperous by E.C. standards so that they cannot be treated as generally eligible for regional support. Yet they nevertheless have pockets of real poverty, urban decay, and unemployment." He added that support, through small-scale innovatory actions and development initiatives, targeted at the inner city, were necessary.

He concluded that regional policy did not just mean spending from the allotted funds, but that it was tied to other E.C. policies on competition, social, transport, and environmental policies. €



Commissioner Bruce Millan says regional policy must ensure that all parts of the E.C. benefit from the single market.

## THE EUROPEAN INSTITUTE

The European Institute, a non-partisan, non-profit educational organization, has been created as a center for dialogue to cover the full spectrum of issues facing European-American relations in the 1990s and beyond.

The idea for the institute was developed by Jacques Delors, President of the E.C. Commission, and Jacqueline Grapin, a French economist and journalist. The Institute will provide a vital forum for private citizens, academics, corporate leaders, and government officials to engage in informal and comprehensive discussions on the evolving trans-Atlantic relationship, including the "new partnership" between the United States and the countries of the European Community in anticipation of the forthcoming economic integration of Europe in 1992. The institute was officially opened by Jacques Delors during his June 13-15 visit to Washington, D.C.

### Programs and Activities

The European Institute will provide a full range of programs and services, including:

- High-level briefings by European and American public- and private-sector officials;
- Expert seminars in areas of special concern;
- A regular series of lunch and dinner discussions; and
- A newsletter, entitled "Europe in Washington."

For additional information, please contact:

The European Institute, 4801 Massachusetts Avenue, NW, Suite 400  
Washington, D.C., 20016. Tel: (202) 895-1670

## THE AMERICA-EUROPEAN COMMUNITY ASSOCIATION INCREASES ITS ACTIVITIES

The principal objective of the America-European Community Association (AECA) is to build links between business and governments in the United States and the European Community. Founded in 1981, AECA is an independent, non-political association whose activities occur at different levels to promote informal discussion about the development of the U.S.-E.C. relationship. AECA is an international federation with six chapters in the E.C. (based in Belgium, France, Germany, Holland, Spain, and the United Kingdom) and two in the United States (based in New York and Washington, D.C.).

**Educational Trust:** Formed to promote an in-depth examination relating to issues concerning the U.S.-E.C. relationship, the Trust organizes two high-level conferences each year. Those planned for fall 1989 are on environmental policy, and on trade and financial services. The conferences will be held in Denmark and Spain, respectively.

**AECA International:** Activities are now being developed at four different levels:

- Regular visits to the E.C. Commission in Brussels and to the European Parliament in Strasbourg to keep AECA's international members up to date on the evolution of many E.C. policies. The next visit is to meet newly elected Members of the European Parliament (MEPs) in Strasbourg on September 12-13, 1989.
- Specialized conferences on particular aspects of the U.S.-E.C. relationship, to be held either in the European Community or in the United States. The next one will take place in Brussels, in conjunction with Forum Europe, on November 30 and December 1. The theme will be "Partners in the Trans-Atlantic Economy."
- Promotion of informal links between Members of Congress and the European Parliament through a series of visits by MEPs to New York and Washington, established over the past 18 months.
- Informal discussions in the framework of the U.S.-E.C. Advisory Business Group, under the aegis of AECA International. The first meeting of this group took place in early December near Brussels when Members of Congress and MEPs met with U.S. and E.C. businessmen.

Should you wish to know more about the Association, please contact the Director of the New York Chapter, Bobby Kaplan, or the Director of the Washington Chapter, Kathleen Ramsey:

Bobby Kaplan  
100 Park Avenue  
New York, NY 10017  
Tel:(212) 986-8565

Kathleen Ramsey  
1010 Wisconsin Avenue, NW  
Suite 800  
Washington, DC 20007  
Tel: (202) 337-9400



# BOOKS IN REVIEW

**The French Revolution.** By George Rudé. New York: Weidenfeld and Nicolson, 1988. 224 pages. \$19.95.

**Citizens. A Chronicle of the French Revolution.** By Simon Schama. New York: Alfred A. Knopf, 1989. 948 pages. \$29.95.

JAMES DAVID SPELLMAN

Cut the tapestry of history and watch the logic of its construction unravel, rendering unintelligible its narrative. Without a master vision, the infinity of threads—personalities, socio-political forces, events—that alone are meaningless, thwart all hope of understanding and appreciation of our past. And surely, few periods of history have ever presented us with such complexity as the French Revolution. For nearly every interpretation, revision, or simply another side to the story.

George Rudé compresses the vast and shifting historical record of this period into 183 pages. He begins with a socio-economic and political description of the *ancien régime* and chronicles the rise and fall of various revolutionary movements struggling for power. Rudé views the rise of Napoleon Bonaparte in the context of the revolution's aftermath, its disarray. He concludes by assessing the impact of this "world historical event"—its inspiration in struggles to gain liberty, equality, and other political rights—on Europe and on uprisings elsewhere.

"The French Revolution appears . . . to have been the outcome of both long-term and short-term factors, which arose from the social-political conditions and the conflicts of the *ancien régime*," Rudé writes. "The long-standing grievances of peasants, townsmen, and bourgeoisie; the frustrations of rising hopes among wealthy and 'middling' bourgeois and peasants; the insolvency and breakdown of a government; a real (or at least

perceived) 'feudal reaction;' the claims and intransigence of a privileged aristocracy; the propagation of radical ideas among wide sections of the people; a sharp economic and financial crisis; and the successive 'triggers' of state bankruptcy, aristocratic revolt and popular rebellion: these all played a part."

In an analysis obeisant to the historian Georges Lefebvre, Rudé stresses economic and social conditions. The revolutionaries' political ideas and goals, Rudé writes, were infused with, or masqueraded as, economic views and demands. Agitation and riots in the summer of 1789 were a result of exorbitant bread and food prices. The declaration of the inherent rights of man, often cited as the pre-eminent accomplishment, should not distract from the many laws passed by the Assembly in the late 1780s to strengthen commerce. Further, Rudé suggests the inevitability of the revolution—an inextricable hastening of modernization. The democratic government that eventually was established in France by the mid-1800s was particularly indebted to the Industrial Revolution.

Simon Schama's work comes to the French Revolution in a different way—one that is possessed somewhat of its monumentality, quixotic, eccentric, rich in minutiae, deliberate in its historical purpose, and almost herculean in the way in which it captures the revolution's pageantry. About one-third (some 300 pages) of the Harvard historian's book ruminates through the *ancien régime*, showing how classes developed citizenship. The remainder is a cinematography-like narrative that chronicles the revolution from its outbreak in 1789 until the Reign of Terror ends, the period when the Jacobins imposed authority and compelled allegiance through brutal military, judicial, and economic means.

This is a revisionist history—one that argues against the elegies envisioning the

revolution as a great historical event (Hegel saw it as "world historical," that "liberalism traversed the Latin world as an abstraction emanating from France"). Schama sees the revolution as an unnecessary and catastrophic accident, one that did not sweep away the despotic *ancien régime*, liberate the masses, and usher in a representative democracy responsive and accountable to the newly enfranchised electorate. The legacies (a culture of patriotism, for example) other historians attribute to the revolution were at times already in existence before 1789, Schama believes. It was not a bourgeois "thunderbolt," to use Maximilien Robespierre's phrase, against an arthritic aristocracy. Its aim was not singular and unifying. And its ambitions had conservative strains.

"The revolution drew its power from the . . . attempt to arrest rather than hasten the process of modernization," Schama writes. And elsewhere: "Much of the anger that fired revolutionary violence arose from hostility towards that modernization, rather than from impatience with the speed of progress."

Of his three themes about the revolution, (the "problematic relationship between patriotism and liberty," the "belief that citizenship is the public expression of an idealized family," and the "painful problem of revolutionary violence"), the third will raise eyebrows: Violence was orchestrated and manipulated to energize the revolution.

"The relationship between blood and freedom was an invention of 1789, not [of] the Reign of Terror in 1793," Schama writes. The "revolution was not possible without regular effusions of spleen and blood." With the storming of the Bastille in July 1789, heads of ministers—and others—were stuck on pikes and paraded aloft. September 1792 brought the prison massacres. The guillotine was used regularly in public squares like la Place du Carrousel as capital punishment palatable to late-Enlightenment sensibilities. The assassination of Marat was turned into a case of martyrdom and enshrined by the Jacobins.

Why was violence so integral? Schama believes that the revolutionary elite "were fascinated by seismic violence." Further, "it was perhaps Romanticism, with its addiction to the Absolute and the Ideal; its fondness for the vertiginous and the macabre; its concept of political energy as, above all, electrical; its obsession with the heart; its preference for passion

Continued on page 54.

James David Spellman is a freelance writer based in Washington, D.C.



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## MONNET

Continued from page 38.

rope and the one in North America.

Members of the American Foreign Service generally were not fully aware of, and therefore gave insufficient consideration to, the role of labor in foreign policy. One of the outstanding persons in helping to nudge U.S. foreign policy after World War II into a realization of Stalin's objectives was the AFL-CIO's man in Berlin, Irving Brown. It was through Brown that I had the opportunity to know George Meany, then President of the AFL-CIO.

On the occasion of one of his trips to Europe, I asked Meany if he would like to meet Monnet. He agreed immediately. From then on, every time Meany visited Europe (and that was fairly often) I arranged a luncheon in my home just for the two men. The Frenchman from Cognac and the American from New York City got along like a house afire. They both insisted upon coming to grips with the essence of each subject under discussion, and they were almost always in agreement. When I saw Meany in Washington he mentioned a prominent American who was about to visit Europe and asked me: "Will he see Monnet?" I replied: "As far as I know, he will not." Meany grumbled: "That's unfortunate. I am just a plumber, but I wouldn't think of going to Europe

without seeing Monnet."

Monnet was convinced that there were "lucky" and "unlucky" people. He was not an admirer of Ludwig Erhard, who succeeded Konrad Adenauer as German Chancellor in 1963. There was at that time much praise for Erhard's currency and economic reforms, which had supported Germany's economic recovery. In discussing Erhard with Monnet, I pointed out that the timing had been propitious for the financial and economic reforms that he had put into effect in Germany. He had been "lucky." Monnet exclaimed: "Don't tell me he is lucky."

Monnet was against recording machines. On the other hand, he spent hours on the telephone with key officials in Bonn, Brussels, London, and elsewhere. Once when I was with him, he received an international call and conversed at some length regarding a sensitive issue under negotiation. De Gaulle was then President of France, and Monnet was advocating policies in direct conflict with de Gaulle's objectives. When he finished, I asked if it would not be prudent to assume that his phone was tapped (it surely was) and to be careful in such conversations. He waved aside my advice saying: "Yes, I know. Let them listen. If they learn something, it'll be to the good."

In my home in Washington, D.C., I have filed away the autographed pictures

that ambassadors receive and display of Presidents, Cabinet ministers, Members of Parliaments and Congress, and other distinguished persons. Such photographs usually carry hackneyed phrases of respect. I have kept in front of my desk only one—a candid photograph of Monnet walking outside his home in the country. His eyes seem to sparkle and he appears about to give an opinion, surely concerning a united Europe and its relationship with America. He inscribed on the photo: "To Jack, Amitié fidèle, Jean."

The last time I saw Monnet, several months before his death in 1976 and when the European movement was in the doldrums, I found him depressed about both his health and the then stagnant European Community. After a rambling conversation, he said: "Well, if nothing else, we have created a framework that eliminates the possibility of another Franco-German war." I replied: "My dear friend, that alone represents one of the major contributions of this century."

John Wills Tuthill, a former American Ambassador to the OECD, the European Community, and Brazil, now lives in Washington, D.C.

## FRENCH REVOLUTION

Continued from page 43.

erature is constantly growing. In France, the celebration of July 14 is essentially a military parade, although it is important to remember that the French national holiday commemorates a stunning act of urban insurrection as a founding moment for modern France. By contrast, the American July 4 marks the signing of a document, albeit an incendiary one. But if these 18th-century revolutions no longer trouble the tranquility of the Western world, their offspring, especially in its Socialist form, is a powerful part of the politics of the Third World. Ironically, neither America nor France, themselves the children of revolution, are the friends of contemporary revolutions.

Legacies, for good or ill, are the imposition of the past on the future. The revolutionary heritage of 1789 is still with us. Ideas of nationalism and popular sovereignty are now most often tied to cries for social and economic justice, but if political liberation is no longer the pre-eminent goal of revolution, revolution remains the instrument of transformation. In this bicentennial year of the French Revolution, its ghost has yet to be laid to rest.

## BOOKS IN REVIEW

Continued from page 52.

over reason, for virtue over peace, that supplied a crucial ingredient in the mentality of the revolutionary elite: its association of liberty with wildness." And, too, there was a "neoclassical fixation with the patriotic death."

What did the revolution accomplish? Although the seigniorial regimes were swept away and the guilds abolished, these events, Schama contends, promised more than they could deliver.

What feudal reforms occurred had their roots in changes underway long before the revolution gained force. Tax levies continued to be onerous. Those who were growing richer before the revolution continued to do so afterward with the sale of church and noble lands. But the rural poor saw few improvements. Public finance, reeling from war costs, was not put on a more secure footing, and what steps the revolutionary governments took in this area, such as creating paper currency, proved catastrophic.

Above all, the freedoms that the "citizens" were willing to sacrifice blood and life for were greatly curtailed by the police powers of the state.

## NORTHERN IRELAND

Continued from page 20.

IDB support by expanding into new plants and using the 12 Government Training Centers throughout the region to train their employees.

Other areas of assistance include marketing support (market research, test marketing, and sales development), R&D programs and available industrial property. All of these factors provide U.S. companies an easy way to gain entry into the European marketplace by establishing in Northern Ireland.

As Europe's 1992 market unification approaches, many companies are looking to establish a foothold in the Community. As part of the United Kingdom, Northern Ireland offers foreign companies direct access to this market of 320 million consumers. And with its potential to provide companies with Europe's highest quality, low-cost manufacturing center, Northern Ireland will continue to help foreign investors gain access to the E.C. and assist them in expanding their business.



## E.C. SUMMIT

Continued from page 23.

"the European Council confirmed that the member states of the Community had a responsibility to play an active part in finding realistic solutions, in the appropriate fora . . . [The Council] stressed the willingness of the member states to consider solutions involving voluntary reductions in debt and debt servicing . . ."

Under the rubric of European Political Cooperation (EPC), the 12 leaders strongly condemned the "brutal repression" in China that began when the army crushed peaceful pro-democracy demonstrations in early June. They expressed dismay at the wave of executions, and "solemnly request[ed] the Chinese authorities to stop the executions and to put an end to the repressive actions against those who legitimately claim their democratic rights." The leaders also agreed on a series of sanctions against the Chinese Government, including a freeze on military cooperation and an embargo on weapon sales. In addition, the E.C. has suspended ministerial and high-level contacts with China, and new cooperation projects will be postponed. The final statement noted that the violence had caused great anxiety in Hong Kong.

Also within the context of EPC, the 12 Heads of State and Government said for the first time that the Palestine Liberation Organization (PLO) should take part in an international peace conference to solve the Arab-Israeli conflict. Their last formal statement on the Middle East, made in 1980 at an E.C. summit in Venice, called only for the PLO's association with the peace process.

The summit leaders also reiterated their support for the reforms underway in some Central and Eastern European countries, although they noted that serious violations of human rights continued to occur in some countries.

The two-day summit allowed E.C. leaders to talk about a range of subjects that had been pressing for some time. Although they reached some compromises, there is still a lot of hard bargaining to come. Progress on the first stage of the Delors plan will have to be worked out in detail. Much attention will still be focused on the E.C.'s responses to change in Eastern Europe, repression in China, and initiatives on the debt problem. The new European Parliament will meet in July, where social and environmental issues will be in the forefront. It is to be hoped that the tone of moderation, so pleasantly surprising during the summit, will continue as the E.C. deals with these issues.—*Reuters*

## EUROPE'S AIRLINES

Continued from page 31.

Also operating from a more solid E.C.-backed base, the European airlines are likely to become more vociferous against U.S. carriers' fifth freedom rights, and demand that they either be ended or, more likely, that they obtain equal rights in the United States. A victory in this area could see European airlines flying from London to Chicago, picking up domestic passengers there, and then continuing on to Seattle or Los Angeles.

Congestion is the other major hurdle the airlines face. An estimated \$2.2 bil-

lion needs to be spent on Europe's air traffic control network. With traffic growth having hit 23 percent between 1985-88, a figure that is expected to rise even further, congestion is hitting the airlines hard. An International Air Transport Association report has branded Europe's skies the most congested in the world. Last year, 4.7 million passenger flying hours were lost as a result of delays, and now the airlines are calling on the E.C. to take political control of plans to integrate the Continent's air traffic system. €

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Office & EDP	●	●	●	●	France
Non-Ferrous Metals	●	●	●	●	France
Maritime & Transport Services	●	●	●	●	U.K.

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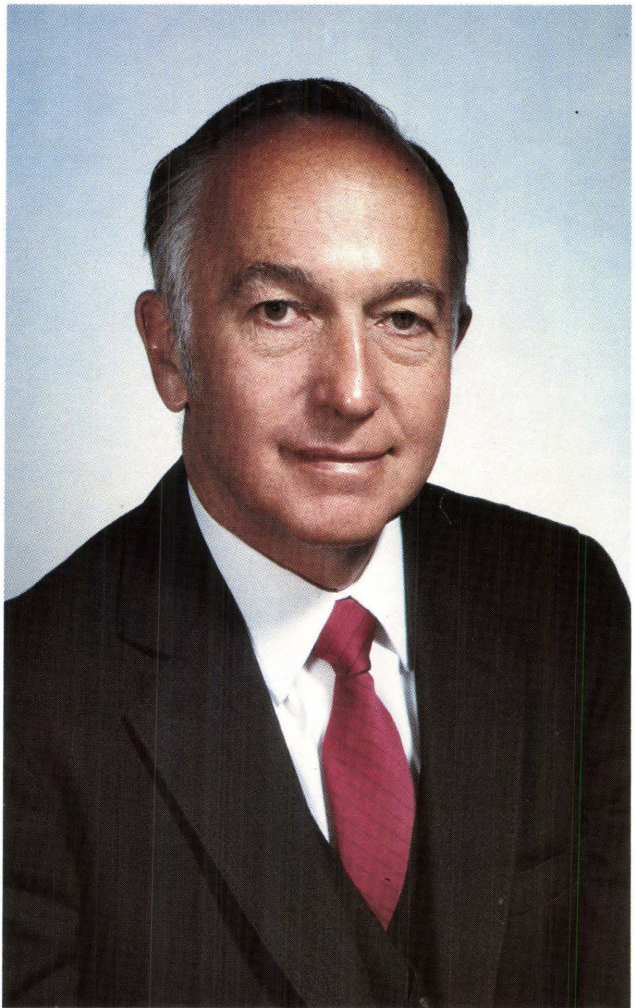
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