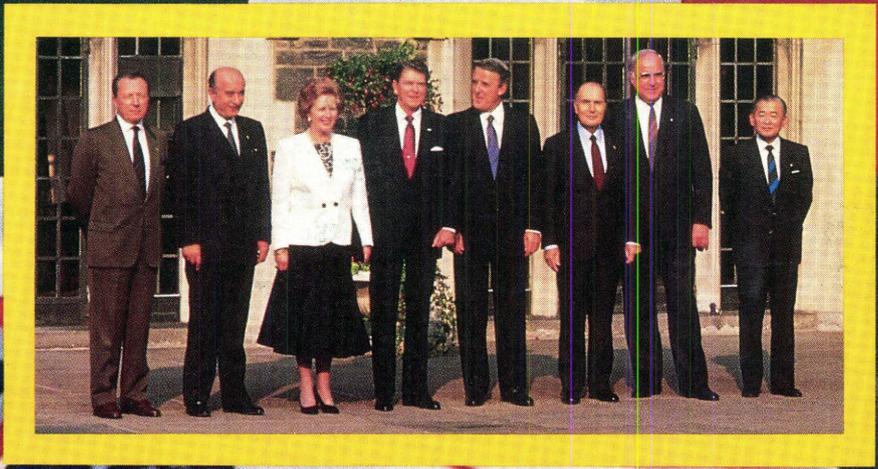


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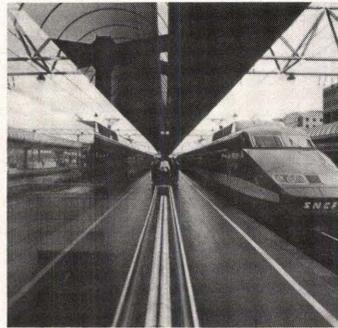
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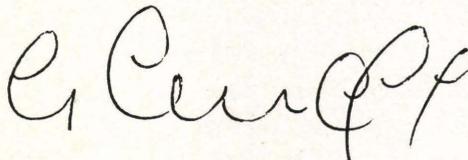
PUBLISHER'S LETTER

The momentum toward a united Europe is picking up, and the world is taking notice. As Richard Longworth, the financial editor of the *Chicago Tribune*, notes in this issue, the E.C. is being treated with new seriousness in the Western economic summits, and its influence in the global economy is growing. Much of this is due, of course, to the progress being made toward abolishing all of Europe's internal barriers by 1992 and the economic growth that is expected to result. More importantly, the 1992 movement is convincing many people that "Eurosclerosis" is really dead, that a more united Europe will soon be a reality, and that the Community is becoming a key player—at the level of Japan and the United States—in world affairs.

The feeling of progress was enhanced a few days after the Toronto economic summit in June, when E.C. leaders met in Hanover, Germany, for the first of this year's Community summits. The most important outcome of those talks was the reappointment of Jacques Delors as President of the Commission; since taking his position in 1985, President Delors has given the Commission new direction and a clear sense of purpose, and his reappointment for another two-year term means that 1992 will stay firmly on the track.

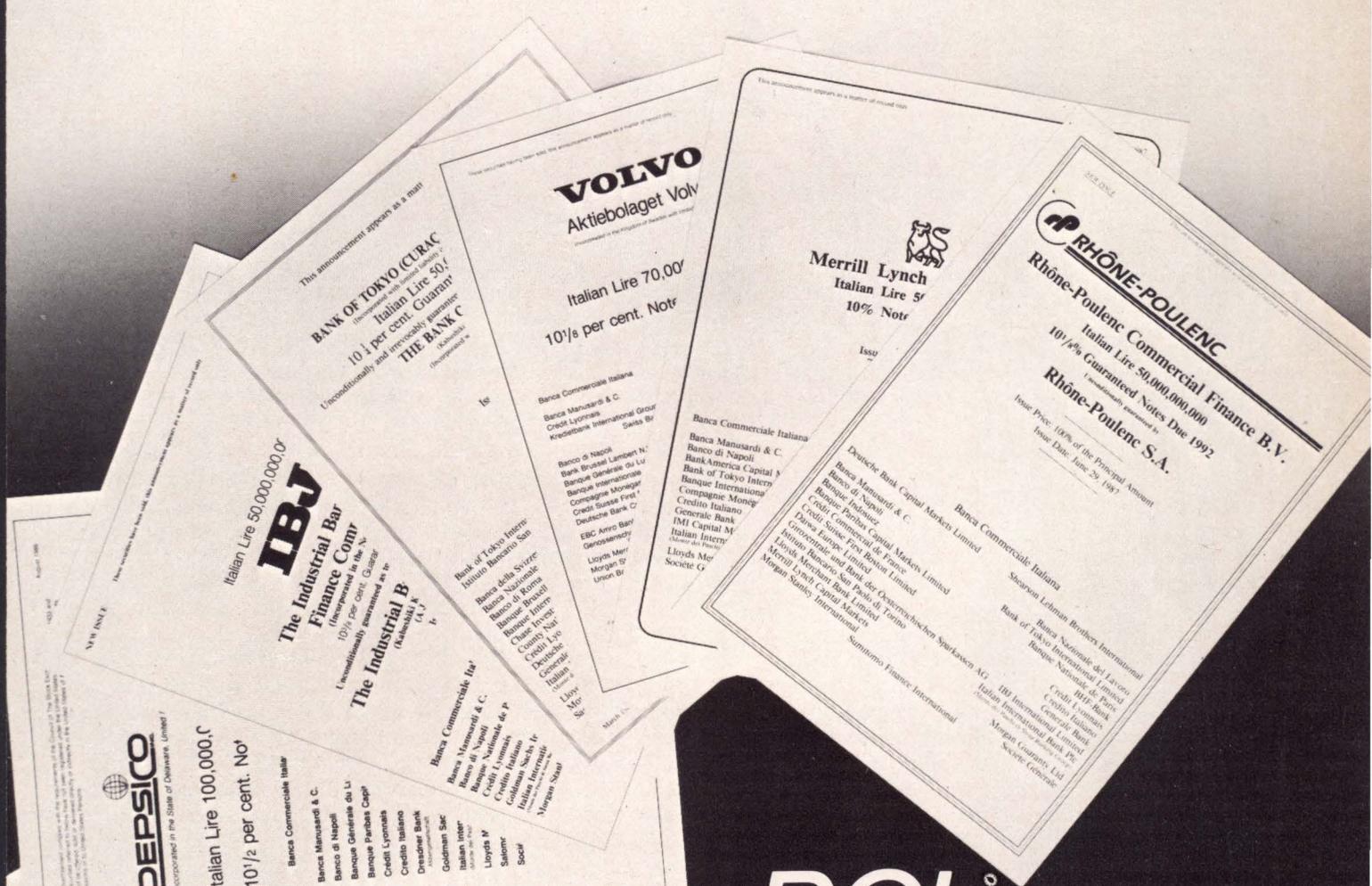
Leaders at the Hanover summit also agreed to study closer monetary cooperation among the E.C. countries, and as the *Financial Times'* David Buchan points out in this issue, the new agreement to liberalize capital flows in Europe will be key to the success of the 1992 movement. While the benefits will be huge—Europe's financial services will now be able to draw on the resources of all its 320 million citizens—there may also be increased volatility in exchange rates, and therefore a need to strengthen the European Monetary System.

Also in this issue, the *International Herald Tribune's* Axel Krause writes on the effort in Europe to get business ready for 1992, Myra MacDonald of *Reuters* looks at the historic new accord between the E.C. and the Soviet-led trading bloc Comecon, and David Morton reports on how U.S. companies are helping restore European monuments. Our dossier this month looks at women in the Community and how the E.C.'s "Action Program" is promoting real change, and our member state report examines the important political changes being discussed in Denmark.



Giancarlo Chevallard

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AROUND THE CAPITALS

LISBON

Traveling Musicians

Nestling near the foothills of Sintra, northwest of Lisbon, the delicately pink Queluz Palace, with its Italianate 18th-century gardens and lovingly tended interior, is a pretty place for a concert, where music lovers can bask in the gilt-edged glow, imagining times 300 years ago when royal patrons and their friends commanded performances of new operas at Queluz. On May 22, 1988, republican patrons and modern sponsors and guests gathered at Queluz, sweating mightily under hot television lights, for a very special performance.

President Mario Soares, First Lady Maria Barroso Soares and 350 elegantly clad VIPs in the Hall of Mirrors were celebrating the long-awaited birth of the Nova Filarmonia Portuguesa, Portugal's first touring orchestra. They were treated to a sensuously textured, vivacious cocktail of Rossini, Beethoven, Mozart and three Portuguese composers, Sousa Carvalho, Marcos Portugal and Joly Braga Santos—the same program that audiences in Lisbon, Oporto, Coimbra, Santarem, Estoril, Faro, Beja, Setubal, Peiras, Seixal and Sintra will hear in the first month of concerts of the new orchestra.

The pieces were performed by 38 young musicians who had been brought together only six



The newest Portuguese orchestra, the itinerant Nova Filarmonia Portuguesa, played its inaugural concert in Queluz Palace, above. The Filarmonia will travel throughout Portugal, giving 12 concerts a month, 10 months a year.

weeks earlier, yet already produced the expansive, mellow sound of a bigger and more mature orchestra. The players, mostly in their 20s, were culled from Portugal, the Federal Republic of Germany, the United States, Hungary, Bulgaria and Czechoslovakia, with nine Portuguese apprentices in training before being allowed to perform in public.

Mastermind and maestro of this unprecedented exercise in Portugal in itinerant first-rate music is Alvaro Cassuto, 49 years old and born in Portugal of Italian-German refugee parents. He built up a major international career, but his attachment to Portugal and his resolve to shape its music never faltered, although it was not easy to keep the faith in a dream of a top-notch professional orchestra detouring from the Lisbon-Oporto circuit to the almost musically virgin hinterland.

Cassuto's bid in 1979 to interest Portuguese officials in a touring orchestra was laughed at. After the 1974 coup, seri-

ous music suffered from a lack of funds: The only orchestras that kept up their full complement of players were the 20-year-old privately funded 42-piece Gulbenkian Orchestra and the underfinanced but dogged São Carlos Opera House orchestra. State-owned radio orchestras slid into tragic decline, losing players and filling empty chairs with green Conservatory pupils rarely able to cope with the scores.

In September 1987, along came Alvaro Cassuto, bent on disciplined excellence. After nearly 20 years of pursuing his own conducting, composing and teaching career in the United States, gaining a reputation in Philadelphia and New York, Rhode Island and the University of California at Irvine, he envisaged the new orchestra not only as a purveyor of fine music and a way to enlist young provincial music talents until now lacking chances to learn from master classes (which leading members of the Novas Filarmonia will give), but also to develop

taste and art, and audition for a professional, demanding orchestra that plans to give 12 concerts a month, 10 months a year—a workload that no Portuguese orchestra has ever attempted.

Having not only polished his art as maestro, but also mastered in the United States the art of tapping business for music-making funds, Cassuto applied the same tactic in Portugal, where a new sponsorship law gives 50-percent tax relief on contributions to culture. Shunning official ties except for the patronage of the Head of State and Mrs. Soares, both tireless encouragers of the arts in Portugal, Cassuto recruited music-loving, business-minded friends to the Filarmonia's Board and Audit Committee. He and they wooed and nagged leading industrial, commercial and financial companies until they had the biggest (80) and most generous (\$820,000 paid up or pledged) list of sponsors of any Portuguese musical organization outside the Gulbenkian.

Sight unseen before an audition had been held, and with a sense of adventure, banks, oil companies, pulp mills, breweries, tobacco monopolies and major Oporto holding groups coughed up about \$420,000—enough for the Filarmonia to start up—and later pledged enough for the first year's budget of \$840,000. Now Cassuto and his feisty fundraisers are working on ways to keep money coming for future seasons, and to woo individual as well as business sponsorship with a "Friends for the Filarmonia" scheme.

Modesty is rare among maestros. But Cassuto and his American violinist wife, the Filarmonia, its patrons and sponsors could be forgiven for puffing up with pride on May 22, when all the dreams, the groundwork and tense auditions, the begging phone calls, the struggles with red tape, the disciplined but enthusiastic rehearsals and the painstaking search for a rich, velvety sound paid off and the Hall of Mirrors in Queluz rang to thunderous applause not just for an evening of satisfying music by talented youngsters giving of their best, but for the realization of a dream that will dramatically alter the musical map of Portugal.

"If music be the food of love, play on," wrote a skilled user of patronage, William Shakespeare. If sponsorship be the food of love of music, the Nova Filarmonia will play on.—DIANA SMITH

LUXEMBOURG

No to Nukes

More than most people, Luxembourgers are keenly aware that wind-borne radioactivity does not come to a stop when it reaches a national frontier. The 1986 disaster at Chernobyl in the Soviet Union did not noticeably pollute Luxembourg more than other countries, but it had a disproportionately powerful political resonance in that

country. The explanation is the location of the French nuclear power station at Cattenom, barely six miles from the Luxembourg frontier. Shortly after Chernobyl, a public-opinion poll showed that some 80 percent of Luxembourgers felt the French plant to be a threat to health and life.

The unease is understandable. Some estimates suggest that an accident at Cattenom similar to that at Three-Mile-Island in Pennsylvania in 1979 would mean the evacuation of two-thirds of the entire population of Luxembourg. France, however, has proved notably unsympathetic to the Luxembourgers' complaints, and has reminded Luxembourg that it explicitly permitted the construction of Cattenom some 12 years ago, at a time when Luxembourg was anxious to press ahead with its own nuclear reactor.

Nevertheless, the Euratom treaty of 1957 clearly recognizes the rights of an E.C. member country to safeguard itself against lethal or harmful emissions from nuclear plants in another. The treaty's Article 37 orders member states to provide the E.C. Commission with full information on their plans for disposing of radioactive waste. The Commission in turn can withhold permission for construction if it finds that the water, soil or air of another member state are likely to be polluted.

It is under this heading that the Luxembourg Government, along with the Saarland in the Federal Republic of Germany and a number of other local administrations and individ-

uals, has brought a case to the European Court of Justice against Cattenom. The specific charge is a narrow one—namely that France authorized construction of the reactor two months before it sent the required information to the Commission. "The case is nonetheless of vital importance," said a lawyer acting for the anti-nuclear groups. "It could undo the entire legal foundation for the project, exposing the French to huge damages, forcing changes in the plant's specifications and establishing major principles for the future."

It will be some months before a judgment is given, but meanwhile there has been a fresh reminder that the anxiety and anger expressed in Luxembourg at the time of Chernobyl are still keenly felt. Mass public anti-nuclear demonstrations in April succeeded in halting traffic in Luxembourg and blocking major international autoroutes. As one would expect in Luxembourg, the demonstrators conducted themselves with admirable self-restraint—as did the police—and the proceedings went off so peacefully that most tourists were completely unaware of them. But merely to get 2,000 Luxembourgers on the streets in protest is a considerable achievement.—ALAN OSBORN

BRUSSELS

The New, Old Premier

The reappearance of Wilfried Martens in May as Belgian Prime Minister for the eighth time caused little stir in the European Community and probably much less outside it. Since first becoming the country's leader in 1979, he has seemed an almost permanent fixture at E.C. summit meetings. His calm unflappable manner and his unrivaled political shrewdness are those of

a natural statesman, and his resignation last December—after an inconclusive general election result—was widely seen outside Belgium as merely a temporary break in a yet unfinished tenure as the country's leader. At 52, he is still younger than almost all the other E.C. Heads of State of Government.

But the events in May that brought Martens back to the leadership were the cause of considerable surprise in Belgium itself. The strong gains made by the Socialists in last December's voting spelled the end of the center-right coalition led by Martens and made clear that, after six years in opposition, the left would have to be given a share of power once more. Martens, recalling the frustrations encountered by the coalitions he led in the early 1980s, and fearing the ruin of his unpopular but effective economic austerity program of more recent years, declared himself unwilling to lead a new Government that included Socialists.

A new five-party coalition, embracing both Socialists and Christian Democrats, was painstakingly put together over three months by Jean-Luc Dehaene, like Martens a Dutch-speaking Christian Democrat, but an altogether more abrasive and controversial figure. Dehaene was widely profiled as the next Prime Minister, only to be thwarted when his party backed away and pressured Martens to step in as leader. It was a sound move given the respect commanded by Martens from the public and even from opposition politicians, though there is still no convincing explanation of why the party did not think of it in the first place.

The other puzzle is why Martens reversed himself and agreed to stand. One view is that he was playing a masterly political game from the beginning, confident that once a viable government emerged he would be called on to lend it needed solidity and permanence through his presence as



Luxembourgers are very uneasy about the proximity of France's Cattenom nuclear plant.

leader. Moreover, by waiting until the call came, he would be in a position to exact the most advantageous terms from his coalition partners.

Others have argued that his pledge not to work with the Socialists was an uncharacteristic move that was quickly regretted. "Martens is a pragmatist, and once he saw that a coalition between the left and the right could be made to deliver on some of the policies that he considers important, he wanted to be part of it," said a Socialist Member of Parliament. No doubt there is truth in both versions, though the latter has the more authentic ring.

Martens' autobiography reveals him as a man who was exposed to Belgium's language problems at an early age. He was once sent home from a college when tutors failed to understand his heavily accented regional Flemish dialect. His response was to make himself fluent in the three official Belgian languages—French, Dutch and German—as well as English. More importantly perhaps, he developed ideas for a federal Belgian state, in which the two main linguistic communities would acquire a substantial measure of self-government while remaining faithful to a broader central union.

These ideas have advanced a long way in the past 40 years. French-speaking Wallonia and Dutch-speaking Flanders are now recognizably separate administrative entities. The program drawn up by the new coalition would take them even further down this road by granting them responsibility for education, and the federal state would become closer to realization by the establishment of a separate regional council for the polyglot city of Brussels, as promised by the new Administration.

When this prospect was accompanied by a pledge from the Socialist parties to maintain the strong anti-inflationary economic policies implemented by the earlier center-right Government, the attractions of

a return to power must have seemed irresistible to Martens. Perhaps the clincher was that the coalition commanded the two-thirds majority in Parliament necessary to approve the constitutional reforms. He may have preferred to achieve his ends without the support of his political opponents, but in the end it looks as though the realist in Martens has triumphed.—ALAN OSBORN

ATHENS Predicting Earthquakes

In his home in the seaside suburb of Glyfada, Panayiotis Varotsos has a room filled with seismographic equipment that is linked by computer and telephone to a network of buried electrodes around the country. It is monitored around the clock by Varotsos, an Athens University physics professor, and a scientific team whose aim is to give reliable warnings of earthquakes in Greece a few days before they are likely to hit.

The VAN earthquake prediction system has been in place for five years and has generally triggered curiosity mixed with skepticism on the part of seismologists abroad. But when Varotsos and his team recently successfully forecast the timing, strength and epicenter of several tremors in the Ionian seabed off western Greece, the results brought renewed interest in the method, and the Greek Government now seems likely to increase its funding of the project so that Varotsos' network of 18 scattered monitoring stations can be enlarged.

The system works by tracking electrical impulses emitted from the Earth by means of sensors inserted six feet beneath the ground that are linked to a microcomputer through an amplifier and a telephone line. At Varotsos' home, the scientists keep watch for any variations in the electrical field caused by subterranean stresses that would indicate

the building of an earthquake.

The "time-window," as Varotsos calls the lag between the electrical field variations and the actual earthquake, ranges anywhere between seven hours and one week, although the tremor is usually felt within a period of 45 hours to 60 hours.

That proved to be the case with the May and June earthquakes off the island of Cephalonia. Varotsos and his team gave more than two days' warning of three tremors measuring 5.8, 5.3 and 5.0 on the Richter scale at a distance of around 190 miles from Athens. The warnings were given on the basis of data gathered from a monitoring station near Ionina, over 100 miles from the epicenter of the tremors. "It was the most convincing result of our work so far. And if we were to expand our monitoring network to some 40 stations, I think we could produce many more such reliable warnings," Varotsos said.

A tremor measuring 5 on

the Richter scale can cause considerable material damage, although the chances of it doing so are considerably reduced with a seabed epicenter. In any case, Cephalonia is now a quake-proof island on which buildings are constructed to resist tremors of more than 7 Richter after a disastrous quake, hitting the Ionian islands in 1953, leveled most homes there.

Greece is the most seismically active country in Europe. Giving birth to more than half the tremors recorded across the Continent every year, some 25,000 earthquakes of more than 2 on the Richter scale are logged annually, while around 250 measure more than 4 on the Richter scale—the strength at which cracks start appearing in buildings. Two or three of them reach 6 Richter every year, while a potentially disastrous quake of 7 Richter is likely to occur every four years.

Over the past decade, three major temblors have struck

The VAN earthquake prediction system may in future prevent disasters on the scale of the Kalamata quake in September 1986, which killed 20 people.



near large population centers. The last killer earthquake occurred in September 1986 when a 6.2 Richter tremor in the seabed close to the southern port of Kalamata left 20 people dead.—KERIN HOPE

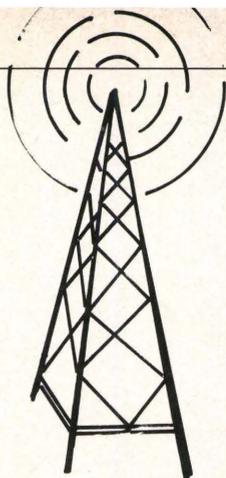
DUBLIN

Flooding the Airwaves

The state monopoly on radio and television services in Ireland, which has been in force since the country's independence, is about to disappear under new legislation that will set up a new television station, a national independent radio station and a network of local radio stations. But there remain doubts about how much competition on the airwaves a country with a population of only three-and-a-half million can take.

For more than 60 years, successive governments jealously guarded the state's monopoly on broadcasting, and the same system applied when television was introduced in 1961. When the revenue from the compulsory licenses became inadequate to pay salaries and the cost of new equipment, advertising was introduced in the form of "commercial breaks." Sponsored programs on the American model are not permitted, however.

Both radio and television are run by the national broadcasting station known as Radio Telfis Eireann, or RTE. Although there is a loose control over RTE by an Authority appointed by the government of the day, RTE in practice has almost total freedom of operation. At times, this freedom, especially in radio and television, irked Government ministers who were unhappy at the treatment given their announcements and pet projects by the newscasts and the current affairs programs, in which they were subjected to critical analysis. There was too much "bad news" and not enough "good news," one minister



used to complain, while others would occasionally telephone RTE with complaints or even pay personal visits.

In recent years, pressure also has grown from commercial interests to break the state monopoly on broadcasting, and a network of illegal or "pirate" radio stations sprang up in the Dublin area and in the provinces. The penalties for such activities were not a real deterrent and governments became reluctant to enforce the law against them in view of their popularity with the younger listeners. RTE naturally did not see the activities of the pirates with the same tolerance and complained regularly about the non-enforcement of the law against them.

It was generally agreed that the time was long overdue to have a network of local radio stations rather than having output all decided in Dublin. New legislation was drafted four years ago, but a long battle began over how much involvement RTE would have in the local stations and talks resulted in a stalemate.

When the present Government came to power last year, it moved quickly to break the deadlock by deciding to exclude RTE altogether. The station was just getting over this shock to its prestige and its revenues when the Government came up with another bombshell, namely that there was to be both a new independent national radio station and a television service to compete with RTE. Under this legislation, the new radio stations should be able to start transmitting at the end of the year and the television station sometime next year. The "pi-

rates" will be abolished, but some are expected to re-emerge in legalized form when the new franchises are approved.

Already there is a scramble to put together applications for the local radio franchises as the capital costs will be small and the advertising revenues attractive. There is less haste to mount bids for running the expensive national radio and television services until the small print of the new legislation is approved.

In spite of RTE's theoretical monopoly, much of Ireland already receives the output of the neighboring island's BBC and independent commercial television services, either by individual aerial or a cable system. So the competition for Irish audiences, who have access to six television channels from Ireland and Britain as well as the Sky and Super channels on cable, is already intense for advertisers.

The end of RTE's monopoly in supplying radio and television news will be welcomed generally by politicians who feel they will get more generous coverage under a competitive news-gathering system. But there also are fears that the Government, in its anxiety to end the RTE monopoly, may seriously damage the finances and morale of the national system, which has maintained admirably high standards on budgets that larger countries would regard as derisory.

Irish broadcasting is thus entering a new world in which commercial interests are hoping to get rich and are hoping that pious talk about "standards" will not intervene too much with their plans.—JOE CARROLL

PARIS

May 1968 Anniversary

Twenty years after the "Spring of '68," Paris' clean-cut, job-oriented, apolitical students of 1988 thought it would be appropriate to erect

some permanent tribute to their predecessors of 1968, who brought France to the brink of revolution from the courtyard of the Sorbonne.

Perhaps a plaque commemorating the events of May 1968? It might read: "May '68: *le mois fou*," the crazy month, in which students heaved cobblestones at police across barricades of overturned cars; when police charged the student quarter with truncheons, tear gas and water cannons; and when 9 million workers joined the protest and paralyzed the country. Government bureaucrats, garbage collectors, even soccer teams joined the strike, shutting down virtually every service in France. Thousands were arrested and injured. The lasting image of *bourgeois* managers debating on street corners with anarchist students by day contrasted with young people defending their Left Bank turf using garbage-can lids as shields in the nighttime violence.

May '68 erupted after a bleak suburban Paris campus was shut down because of a student protest. A fiery red-headed German student led 500 students downtown to the hallowed center of French university life, the Sorbonne. May '68 started on May 3 when the university administration fled in the face of seven centuries of tradition and invited the police to clear the occupied courtyard of the University of Paris.

For some, the month of riots and strikes was a let-loose national picnic. For others, it remains a bitter memory of revolt that today leaves authority figures of the time deeply offended. Most Frenchmen, though, agree that it was the beginning of a modern era in which young people broke out of the rigid authoritarianism that pervaded the education system.

Hélène Arweilher, now the chancellor of the 13 campuses of the University of Paris and a self-described "*soixante-huitard*," judges that from a pedagogical point of view, "it was certainly a step forward." With classes of 2,000 students,

she said, her biggest problem back then was to keep from bursting out laughing, it was so ridiculous. After May, that changed. The Government of then President Charles de Gaulle pushed through legislation abolishing France's 23 universities and creating 76 new universities.

In schools, the old style of military discipline, uniforms, separate schools for boys and girls, no personal contact between teachers and students, all slipped away. At universities, the highly centralized structure was broken down. No longer did every decision—right down to permission to hold a dance on campus—have to be approved by the Ministry in Paris. Advisory boards of students, professors and people from the community were created with power to elect councils that had some control

over teaching methods.

"May '68 gave birth to some very good formulas for re-designing teaching," said Arweiler, who, as chancellor of the University of Paris, is responsible for one-fifth of all French university students. "And certainly it marked a new kind of thinking." But there were negative points, too, such as the fact that more universities now often have to share limited resources.

The students used to chant "under the pavement there is the beach." When they had dug up the cobblestones, the sand underneath was the dream of the beach, where many of them sat out the rest of the summer to watch their legacy unfold: De Gaulle rallied the country back to normal operation. The minimum wage went up, the university law was changed. Later the pill and abortion

were legalized and heavy government censorship was lightened. Students marched again briefly in 1969, but the fear of another 1968 brought a quick end to that protest. Now, two decades after May '68, Francois Mitterrand has launched a new mandate by making education his number-one priority.

But, Arweiler said, "there was trauma involved in May '68 that will take a long time to disappear." Apparently it will take longer than 20 years: When students asked to erect a plaque in the courtyard of the Sorbonne commemorating May '68, Governments of the left and the right refused. Whether through fear of triggering trouble with today's students, or reluctance to glorify the month of near revolution, the politicians still cannot write the epitaph of "May '68."—BRIGID JANSSEN

ROME

A New Government

Ciriaco De Mita, secretary of Italy's Christian Democratic Party and new Prime Minister of Italy, has begun his tenure with an ambition that is undeclared, but about which no one in Italy has any doubts: He wants to stay in power for a long time. More clearly put, he does not want his tenure as Prime Minister to be one of the "usual" Italian Governments that last for a few months, at the most a year, and then go under, only to often reappear in almost identical form.

The Christian Democrats, the party with the relative majority, which in the last few years lost some of its shine, have let their own secretary

The "crazy" month of May 1968 erupted after a suburban Paris campus was shut down following a student protest. The violent uprising that followed, in which students and police fought each other with stones, teargas and water cannons, brought many changes to the French education system.



into the ring by giving him a precise mission to accomplish, namely the creation of a governing coalition that is stable and long-lasting, and has credibility both in internal affairs and with its international partners. In short, he is expected to surpass the hitherto unbeaten record set by the secretary of another party, the Socialist Bettino Craxi, who remained in office for four whole years. It is a double challenge for De Mita, for it is known that his personal relations with Craxi, which go above and beyond ideological and political differences, have never been good.

The first moves made by De Mita at the Palazzo Chigi, the seat of Italian Governments, have been positive so far. They confirm the general popular feeling that De Mita, who prudently remained secretary of his party and is now one of the major forces in the Italian political system, would never have accepted the task of governing if he had not previously received sufficient guarantees from his political allies and from within his own party.

The "winning card," one of constitutional change, which the new Prime Minister played immediately and successfully, is undoubtedly a very important one. For now, for the first time in the 40-year history of the Italian Republic, Italy is beginning the process of institutional reform.

For a long time, it has been felt necessary to change Italy's the Constitution, or at least those most anachronistic parts of the charter upon which the Italian government is based. But only a strong Government, able to stipulate in advance the necessary compromises to be made with the opposition—especially with the Communists—could even think of undertaking such a task. De Mita's predecessor, Giovanni Goria, also a Christian Democrat, did not even try, and it was understood that only a secretary of the Christian Democratic party, capable of taming the numerous and insidious currents and factions within his

own party, and at the same time able to gain the respect of his adversaries, would be able to attempt constitutional reform.

It is truly a task of historical importance. It involves radical modernization of certain ordinances upon which the organization of the state and political administration of the country are based, which have not been revised or updated in several decades, or even longer. For example, the norms that regulate relations between the central state and the communities and provinces goes back to a law of 1865, passed by a right-wing Government whose political philosophy was diametrically opposed to that of the coalitions that have been ruling Italy lately.

The route De Mita has chosen for the process of modernization of Italy's constitutional structure is one of compromise. Reform will take place in at least two stages, beginning with a package of minor provisions, and later, if the political parties show themselves willing to continue, confronting the larger problem of reforming the complicated electoral system.

The most delicate item of the "minor" package is probably that of the "secret vote" in Parliament. This mechanism is often used by deputies and senators to avoid having to follow the voting directives given by their own parties, and has caused the fall of many governments. De Mita has now been accused of "giving in to the Communists" not only by the conservatives, but by the Socialist Craxi as well.

In any case, this first hurdle has been overcome and the Christian Democratic secretary has been able to bring the question of institutional reform to the scrutiny of the two branches of Parliament. Most probably, other compromises will be necessary during the long debate to come, but in the meantime De Mita can say that he has obtained a first, important victory.—NICCOLO D'AQUINO

LONDON

Religion and Wealth

British Prime Minister Margaret Thatcher has always sounded like a preacher: She holds her beliefs about self-reliance, the work ethic and capitalism so firmly that when she proclaims them to the public, they come across with a tone of high moral conviction. During nine years as Prime Minister, these ringing declarations and calls to arms have concentrated on economic and political issues. But recently, Thatcher stirred a huge controversy when she set out the spiritual beliefs that underline the political philosophy behind her government's wealth-creating policies.

Apparently stung by increasing criticism that these policies have fostered greed and selfishness, the Prime Minister endeavored to reconcile Thatcherism and Christianity in an address to the General Assembly of the Church of Scotland, which sent editorial writers rushing to their word processors to denounce or praise, depending on their political stance.

"We are told [in the Bible] that we must work and use our talents to create wealth," Thatcher pointed out to the assembled churchmen and the entire nation. To support this, she cited the message of St. Paul to the Thessalonians: "If a man will not work he shall not eat." Having thus laid down the moral authority for her political philosophy, the Premier went on to say: "It is not the creation of wealth that is wrong, but love of money for its own sake. The spiritual dimension comes in deciding what one does with the wealth." And in a passage that from anyone less self-righteous would sound like special pleading, she said: "How can we respond to the many calls for help, or invest for the future, or support the wonderful artists and craftsmen whose work also glorifies God, unless we



COURTESY, BRITISH EMBASSY

British Prime Minister Margaret Thatcher.

had first worked and used our talents to create the necessary wealth?"

Thatcher apparently felt the need to seek biblical sanction because there are increasing signs, according to the *Financial Times*, that even within her own Cabinet there is "concern that the Conservative Government is seen by the electorate as increasingly hard-hearted toward the less well-off and pursuing policies that are heightening divisions in society."

An opinion poll published the day after Thatcher's speech demonstrates that there is cause for that concern. The poll portrays British society as free, rich, selfish and unhappy. Some 44 percent of those questioned think people have more freedom than 10 years ago and 48 percent think individuals are richer. But some 61 percent believe Britain is now a more selfish society and 48 percent believe people are more unhappy.

Awareness of this trend led Thatcher's right-hand man, Home Secretary Douglas Hurd, to explain that in its early years the government had been forced to place much of the emphasis on personal freedom and the creation of wealth because Labor's Socialism had destroyed initiative in Britain. Proclaiming the economy revived, he said: "We now need to emphasize more than we have that individualism is not a narrow or selfish thing," and that the millions of individuals who prospered under the Conservatives have a responsibility to the community.

"There is indignation among many people," reported the *Observer* newspaper, "that a government that has cut social security benefits to needy families while giving a tax bonanza to the better off, has presided over a period of record consumer credit and sleazy city frauds, seen cutbacks in manufacturing production and in education, medical and transport services, and failed to curb a massive rise in violent and drug-induced crime among unemployed and disaffected people, would present itself in such a self-satisfied moral glow."

Economic columnist William Keegan found it "disturbing that the Prime Minister really seems to believe that if people do not always stand on their own two feet, it is entirely their own fault." He was not placated by biblical quotations: "The message now, from Thatcher, is that having had their tax cuts at the expense of the public services and the poor, the better off, the so-called wealth creators, should now graciously dispense their largess in true Victorian form."

Of course, the Bible can be relied upon to provide quotes for all occasions. The Premier carefully avoided the one about it being easier for a camel to go through the eye of a needle than for a rich man to enter the Kingdom of Heaven. But her shrewd populist instinct clearly told her that questions about the morality of the acquisitive society do concern the voters, and so she moved to seize the moral high ground before her dilatory opponents woke up to the changing mood of the nation.—DAVID LENNON

MADRID

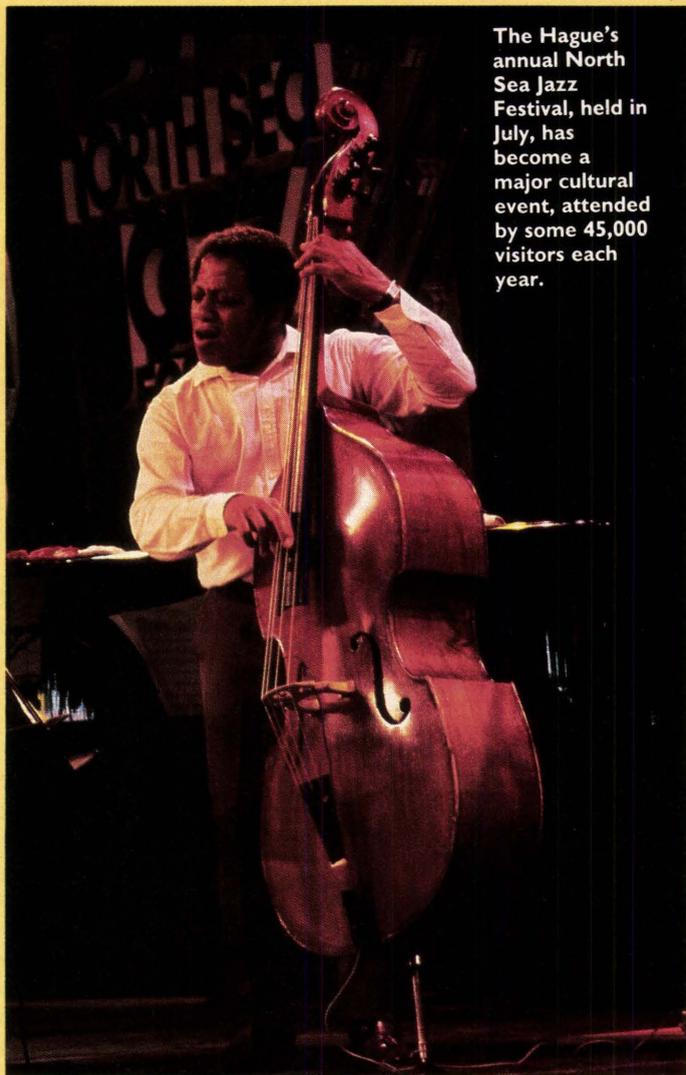
Unions vs. Government

This year marks the 100th anniversary of the founding of the General Workers' Union (UGT), the labor wing of Spain's ruling Socialist Party and arguably the country's biggest trade union. It has not

AMSTERDAM

A Jazzy Summer

Green and leafy, the city of The Hague is bracing itself for the 13th North Sea Jazz Festival, for which some 40,000 to 45,000 people of all ages are converging on this city in early July to listen to some 1,000 musicians playing everything from the blues to Dixie; from fusion and jazz rock to big band jazz; from cool, swing, mainstream and vocal jazz to soul, funk, salsa and gospel. Apart from the live music, there also are a Jazz Film Festival, video shows, exhibitions, a shopping center selling records, books and musical instruments, as well as free concerts given in front of The Hague's Congress Center. The



The Hague's annual North Sea Jazz Festival, held in July, has become a major cultural event, attended by some 45,000 visitors each year.

event will be held in 12 of the city's Congress Center rooms 10 hours a day. Sponsors of the event are the Dutch Government, the Hague municipality and the Japanese Victor Company (JVC).

The man behind all this is 65-year-old Paul Acket, who says that "apart from the musical factors, it also is the ambience of the festival that lies at the heart of its success. Everyone is free to select his or her own favorites and can attend the concerts for as long as they choose." Festival guests can move about freely from room to room, depending on their preferences of the enormous variety of music. And, says Acket, one should not be surprised to suddenly find oneself next to a famous musician, who has slipped in to watch one of his or her colleagues.

Acket says that although he himself never played an instru-

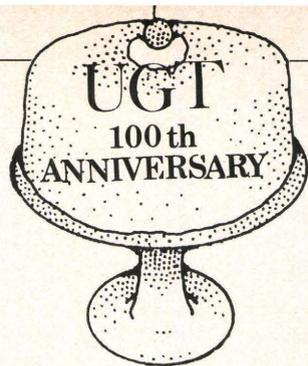
ment, he has always been a lover of jazz. It all started in 1942, when, as a young bank employee, he regularly read jazz weeklies, and decided to start publishing one himself, which became a successful undertaking. After World War II, Acket managed Dizzy Gillespie's tour in the Netherlands and arranged other jazz concerts.

In 1974, this love for the music culminated in the first North Sea Jazz Festival, at which some 50 to 60 groups, including Ray Charles, Count Basie and Lionel Hampton, performed in five rooms in the then much smaller Congress Center in The Hague. Although losing money during the first few festivals, he never gave up. With increasing numbers of visitors each year, as well as more performers, the first profits finally started rolling in in 1985, and by 1987 the festival had begun to be a lucrative business.

This year's festival will feature many groups from the United States, several from the Soviet Union, from Brazil, and from the Netherlands, the United Kingdom, France, the Federal Republic of Germany and Spain. Performing in the festival for the first time this year are Donald Byrd, Eartha Kitt, Chuck Mangione, Less McCann, Red Rodney's Red Alert, Supersax and L.A. Voices. A jazz award, named after the late Charlie "Bird" Parker, which was introduced by the organizers in 1985, will be presented to those musicians who have made a special contribution to the world of jazz.

The festival lasts three days, and Acket says that he expects visitors of all ages to attend. He notes that the force of the festival can be measured from the presence of its musical stars, and that the unknowns who also appear there have often become future stars.—NEL SLIS

COURTESY NETHERLANDS BOARD OF TOURISM



been the happiest of birthdays so far, however. For, while the union kicked off the centennial festivities on May Day, a one-and-a-half-year-old rift between UGT chief Nicolas Redondo and Socialist Prime Minister Felipe González, the party's secretary general, continued to widen.

In a country where the formal opposition from both right and left is inconsequential, Redondo, one of González' closest collaborators for nearly two decades and UGT head since 1973, has become one of his fellow Socialist's loudest critics. Over the past year, and with increasing frequency, Redondo, who would like to see the current Government place a higher priority on tackling the country's 20.5-percent unemployment rate—the highest in Europe, has been confronting the fiscally centrist González over the Government's insistence on economic growth and low inflation as the key to workers' well-being.

The long-running crisis began in January 1987, when González tried to work out a pact between the unions and employers' groups that included a 5-percent cap on wage increases. Seven months later, Redondo resigned from Parliament to avoid breaking party ranks by voting against the measure. Relations have steadily worsened since then and both camps worry that a González-Redondo rupture would clog an important safety valve that has prevented past family squabbles from escalating into nasty public separations.

At stake for the Socialists are votes from among the UGT's 780,000 dues-paying members, and labor unrest. In this spring's most publicized disputes, public school teachers striking for higher pay disrupted classes for more than 6 million students, and Basque shipbuilders clashed repeatedly with the police. On top of all this, a fight for control of the UGT's powerful metal workers' union at its April convention threatened to turn the long-smoldering Gonzalez-Redondo

debate into a generalized conflagration among the rank-and-file.

The showdown came in Barcelona, site of the first UGT local and home to one-fifth of the union's affiliated metal workers. UGT-Metal chief Antonio Puerta, who wanted the union to follow its tradition of compromise rather than a path of confrontation, defied an attempt by Redondo loyalists to oust him and held separate meetings to elect convention delegates. Tensions became so bad during one late-March gathering that two UGT members had to be hospitalized after a free-for-all fight with fists, sticks and at least one knife. A week later, Redondo forced Puerta and his executive committee to resign and canceled the scheduled convention.

Puerta and his Redondo-backed opponents clashed over how much to blame the Government because its modernization plan had failed to reverse the loss of jobs in heavy industry. The pro-Redondo forces said that the unions, which have agreed in the past to support job retraining and to limit pay hikes to pay for retooling, have borne the brunt of industry's long recovery from the damaging effects of state protections under the 1939-75 dictatorship of General Francisco Franco. Puerta, however, agreed with the Government that some industries, like steel, are in trouble worldwide and that its policies have finally begun to make a debt in the crippling jobless rate.

The Government's own statistics do little to resolve the debate. According to a report released this spring, the total number of jobs increased by 4.1 percent in 1987. But the same study showed that com-

panies with more than 200 employees had cut staff by 1.3 percent during the same period and laid off 3.6 percent of their employees—some 70,000 people—since 1984.

The González-Redondo split also has stirred business worries that a radicalized UGT, once set adrift, might hook up more often with the Communist-oriented Workers' Commissions (CCOO). The rival unions have long been at odds about tactics, but the new CCOO chief, Antonio Gutierrez, has been sympathizing publicly about the UGT's plight in hopes of creating a united front.

The two unions account for some 70 percent of Spain's 2.5

million to 3 million organized workers. Though only 20 percent to 25 percent of the country's labor force is unionized, a low figure by European standards, the trade unions are still the largest formal groups in Spain, where political parties run a distant third behind soccer fan clubs.

Prime Minister González says the increased differences are natural by-products of a Socialist-run Government, but points out that he must worry about all Spaniards, and not just those who voted for him. Redondo, on the other hand, says the UGT has been forced into opposition by the lack of criticism from outside the

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party, especially from the badly splintered Communists. And one top UGT leader explained that "we exercise our right to criticize in order to change the government itself."

This year at least, the UGT's May Day parade followed traditional lines, with several top party leaders at its head and the CCOO nowhere in sight.—

RICHARD LORANT

BONN

New Graduate Education

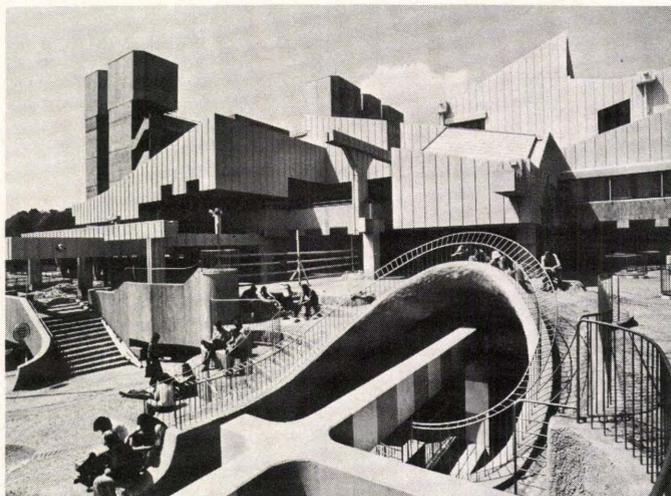
In the late 1960s, educational reforms in the Federal Republic of Germany, which tried to "bring democracy to the universities" resulted in a shift from elite to mass education. Differences between the universities were diminished, and the great influx of students also played a role in homogenizing the special academic character of German universities. At the same time, however, it proved impossible to provide a very good education to the many and an especially good education to the few.

There now is consensus for the need to restore excellence in education and to encourage the most gifted students, but so far there is no agreement on how to go about it. With an envious eye toward America, German educators and politicians have long agreed that the country needs to provide opportunities to gifted students in order to keep up with research in the United States and Japan. But the mere mention of the word "elite" makes many Germans shudder with the image of an inegalitarian, stratified, class society.

This is gradually changing, however, and Wilhelm Stoffel, professor of biochemistry at the University of Cologne, has set an example of how to make a beginning quietly and efficiently. Along the lines of New York's Rockefeller University, where he has taught, Stoffel initiated an advanced research

graduate program in his field of molecular biology. "We did it without telling anybody about it, even bypassing the rector of the university and the deans," he says, acknowledging that this extremely successful pioneer project would not have been possible without the generous promotion of the Thyssen Foundation.

Since then, other companies have followed suit: The Volkswagen Foundation is funding



COURTESY GERMAN INFORMATION CENTER

Grants from the Volkswagen and Thyssen Foundations are providing German universities with better research opportunities for gifted students. Above, the University of Konstanz.

eight such programs with 6.5 million German marks (\$3.8 million), and the Robert Bosch Foundation in Stuttgart has started a graduate program in engineering. "It was my intention and hope that this idea would spill over to other universities and other fields, such as the fine arts, philosophy or linguistics," says Stoffel.

His wish is becoming a reality sooner than he had expected. The wealthy states in the south of Germany—Baden-Württemberg and Bavaria—are starting similar programs of their own, and experts hope that the intensity and concentration on research in these programs also will help shorten the length of studies.

Real momentum came when the influential *Wissenschaftsrat*, the Science Council—a body representing the federal government, the federal states and universities—encouraged by the initial successes, published a report urging the federal and state governments to take the lead in promoting

graduate research. In its "Recommendation on the Promotion of Graduate Programs," the Council advocates "in the first phase" the establishment of 80 such programs for the education of doctoral candidates. "This recommendation is highly political and influential and will have great impact," comments Stoffel approvingly. "We do need talents."

The interest of the universities in the graduate programs

in advanced research is lively. Twenty-seven universities have submitted 57 projects to the Volkswagen Foundation, out of which eight have been selected. The Volkswagen Foundation's ambition not to restrict these graduate research programs to the natural sciences was confirmed by the subjects of the two Frankfurt projects that were chosen: "Medieval and Contemporary History of Law" and "Cognitive Development in Psychology."

Graduates from various universities will collaborate in these projects, demonstrating that the programs attract the best talents from various universities and thus increase both their horizons and their mobility. The underlying idea is to encourage team work and prevent narrow subject specialization by confronting graduates with different areas of a particular project.

Both the Thyssen and Volkswagen Foundations consider themselves "prime movers,"

and would welcome it if the federal and state governments followed their example on a large scale. The Science Council's ambitious plan envisages 1,200 graduates and 160 postgraduates for the initial 80 programs throughout Germany. Students who have completed their *Diplom* (the rough equivalent of a Master's degree) will be favored in the competition for scholarships at \$1,085 a month for graduates and \$1,500 a month for postgraduates. Scholarships should be paid by the federal government, with the federal states providing the necessary material and running costs. The spokesman of the Council says that some \$24 million will be needed to finance the first phase of the program but that "in the long run, to make the program work really well, some \$58 million will be required annually."—WANDA MENKE-GLÜCKERT €

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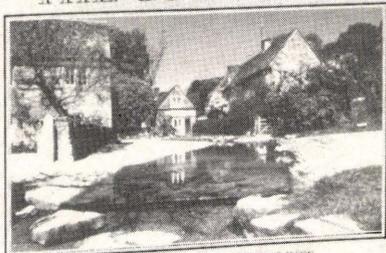
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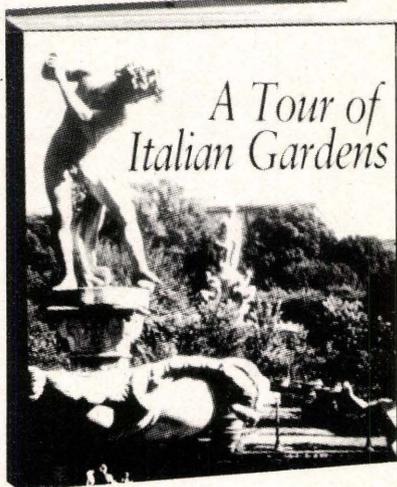
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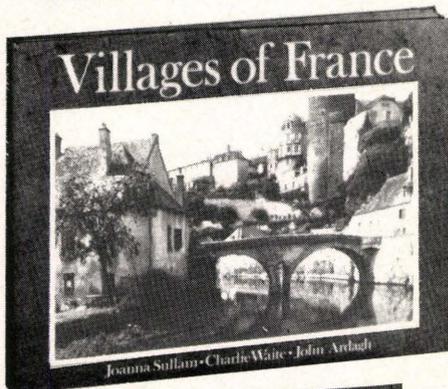
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E.C. GAINS NEW VISIBILITY AT TORONTO SUMMIT

DELORS, DE CLERCQ GIVE THE COMMUNITY NEW CLOUT.

R.C. LONGWORTH

When the Western economic summit meeting opened in Toronto, a small crowd lined the gallery above the entrance to the Metro Centre to gawp as the political superstars drove up in their black Lincolns and strode the red carpet to the conference room. The onlookers were summit insiders, mostly local journalists or workers at the meeting, and they could tell the players—or most of them—without a scoreboard.

They knew Maggie right off, and Ronnie, and Brian, the local favorite. François Mitterrand and Helmut Kohl posed no problem, even if they all did not know their first names, nor Noburu Takeshita, even if they could not pronounce his last name. Even Italy's Ciriaco De Mita, attending his first summit, was recognizable, if not familiar.

But one small, trim, dark-haired man eluded them. No one recognized him until a European journalist volunteered that they had just seen Jacques Delors, President of the Commission of European Community. This begged the question: What is the E.C.? One young Canadian guessed it meant Eastern Council. Another suggested the Economic Conference. A few could identify this strange animal, the E.C., but even in this presumably knowledgeable group, they were in the minority.

Delors and his delegation from Brussels could be forgiven if they felt like the Rodney Dangerfields of diplomacy. Too often in the pomp and publicity surrounding summits, they still do not get respect, at least in public. *The New York Times* ran pictures and brief descriptions of "The Players" and left out Delors and the Community. Delors flew in on a Sabena flight—no Air Force One for him—and grabbed a free lunch at a summit buffet,

R.C. Longworth is the financial editor of the *Chicago Tribune*.

quietly ignored by hundreds of journalists who would have staged a mob scene if Ronald Reagan or Margaret Thatcher had shown up in their midst.

But part of the news out of the Toronto summit concerned the way that Delors and his team flexed the E.C.'s muscle inside the conference room and, more important, got their way. Delors and his predecessors have represented the E.C. at the last 12 economic summits and, for most of that time, the reality of the E.C.'s lack of power matched this public perception of anonymity. At Toronto, however, the E.C. achieved true power and respect where it counts, among the Big Seven themselves.

"Delors is treated now as a full member," an American official said. "He represents a lot of interests." And an official from one of the four European nations at the summit agreed that, while "Delors doesn't have the profile with the layman that the other leaders have, the Seven themselves could not imagine having a summit without having the President of the Commission there."

This recognition, of course, has been growing for years. But if it suddenly dawned on a lot of people in Toronto that the E.C. is a power in its own right, the reason was that the key issue there was the reform of agriculture and agricultural trade. President Ronald Reagan has made it American policy to seek an end to all farm subsidies by the year 2000. The E.C. has no objection to reduced subsidies—indeed it claims to be reducing its own subsidies right now—but it refuses to buy into what it sees as a utopian and unrealistic scheme to wipe out subsidies within 12 years, not least because this millennial approach might frustrate progress toward more modest but more realizable programs.

Thus, when the United States pushed the summit to endorse the Reagan deadline, the E.C. dug in its heels. It wanted nothing that would go beyond the declara-

tion issued after the May meeting in Paris of the Organization for Economic Cooperation and Development (OECD). That declaration endorsed reductions in subsidies and proposed a "framework approach" at the Montreal meeting later this year, which will study the results so far of the current round of trade talks in Geneva.

The United States wanted the communiqué to call for a "framework agreement." With such nuances do diplomats earn their pay. The difference between "approach" and "agreement" came to mean the difference between the sweeping U.S. dream and the more prosaic, step-by-step European approach. Canada backed the United States. Japan backed the E.C., quietly. Britain favored the U.S. plan. But—and here is the point—on questions of agriculture and trade, the Commission has the constitutional competence to speak for all 12 members, Britain included. The step-by-step approach is E.C. policy, and this was the policy that Delors defended.

In the end, the E.C. won. The wording in the final communiqué was almost identical to that of Paris. Reagan, attending his last summit and basking in affection from his fellow Alpinists, nevertheless left Toronto without achieving his main goal there. Pascal Lamy, Delors' top aide, diplomatically refused the chance to claim "victory," but agreed happily that the communiqué was "a good compromise . . . Others [the United States] made agriculture a prominent issue, but we got the results that we wanted."

For the first time, the world press, which has tended to ignore the E.C.'s growing power in international diplomacy, sat up and took notice. "E.C. earns its crust at the top of the table," the *Financial Times* of London headlined. And *The Wall Street Journal* commented: "The [Toronto] meetings were marked by a palpable shift of influence from the fading U.S. Administration to two other powers: Japan, whose eco-

**E.C. Commission
President Jacques
Delors is greeted at
the summit by
Canadian Prime
Minister Brian
Mulroney**

conomic muscle is finally being exercised politically, and the European Community, which is the 'eighth power' at the seven-country summits, heading toward greater unity planned for 1992."

The completion of the internal European market, scheduled for 1992, is clearly a major reason why the E.C. is treated with new seriousness around the world these days. For too many years, the E.C. made news mainly by failing to make progress: Publicly fractious, it could not command the respect that should be due a trading bloc with so many people and economic power. Now it is sinking in that Europe-1992 may be for real. A true single market, embracing 320 million persons, is an entirely different matter from 12 disparate and squabbling nations. When discussing the E.C.'s new power, the *Financial Times*, *The Wall Street Journal* and *The Toronto Star* all gave the 1992 project the credit. So did the other delegations. "The E.C. is moving increasingly into further integration," a Japanese spokesman said. "As it moves closer toward 1992, it will be more im-

Continued on page 52.



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**Delors has attended
as many economic
summits as President
Ronald Reagan—four
as E.C. Commission
President and four as
French Finance
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E.C. WILL ABOLISH RESTRICTIONS ON CAPITAL MOVEMENTS

AGREEMENT HAILED AS MILESTONE ON THE WAY TO COMPLETION OF THE INTERNAL MARKET.

Most Americans, for totally understandable reasons, would not know a capital control if, as the saying goes, it hit them on the head. As private citizens, they are free to open bank accounts wherever they want. As bankers, they are free to lend or borrow virtually wherever they want.

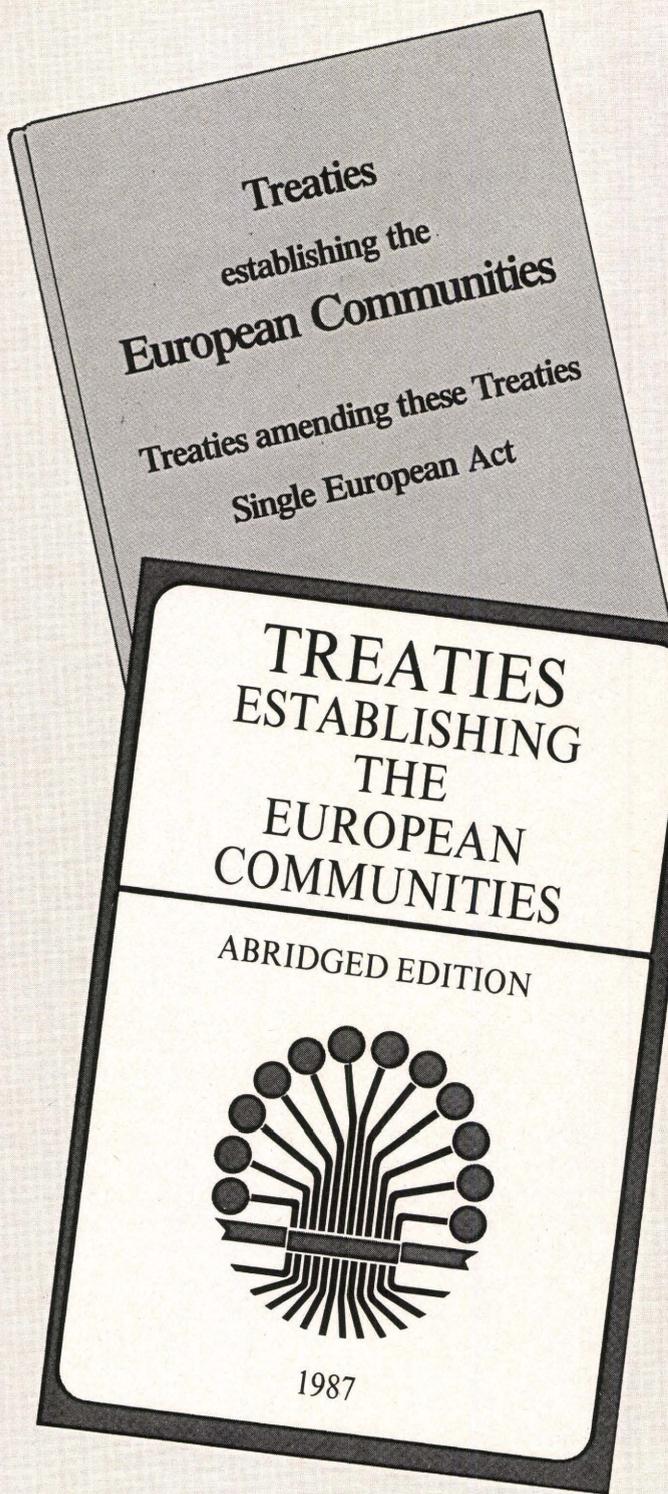
But people in many parts of Europe do not have these monetary freedoms. Nor could they envisage having them, at least not until June 13 this year. That turned out to be the lucky day when Finance Ministers of the 12 European Community nations agreed on a timetable for progressive removal of all the remaining restrictions on the movement of money in or out of their countries.

By July 1, 1990, the richer eight E.C. member countries are to abolish capital controls, though of this group, the Federal Republic of Germany, the United Kingdom and the Netherlands have already done so. By 1992, the four poorer states are due to do the same, although for Greece and Portugal there is a possible stay of execution until 1995.

There will be an important side benefit for the rest of the world. Since it is virtually impossible, technically, to remove capital controls within E.C. states without at the same time removing them between the Community and the outside world, there will, for instance, be a free flow of money between the Twelve and the United States. As the legal language of the new E.C. directive puts it, "in their treatment of transfers in respect to movements of capital to or from third countries, the [E.C.] member states shall endeavor to attain the same degree of liberalization as that which applies to operations with residents of other member states of the Community."

So, by the end of 1992, when a lot else is supposed to have happened to make a

DAVID BUCHAN



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By the mid-1990s, the average Greek saver will be just as free to place his personal funds in West Germany as the Maine resident is to open a checking account in California.

truly integrated market out of the E.C., there should be a free flow of money around Europe. This conjunction of events is, of course, no coincidence. Capital liberalization is, as Gerhard Stoltenberg, the West German Finance Minister, commented, "a milestone of great importance on the way to completion of the internal market." Jacques Delors, the E.C. Commission President, emphasized the external aspect when he hailed it as "enabling our financial services to catch up with New York and Tokyo."

The logic behind these statements is that the European economy should gain as a whole from a freer, and thus better, allocation of Europe's savings. Financial transactions related to trade or direct corporate investment are, generally, without restriction in the E.C. already. But come the mid-1990s, the average Greek saver will be just as free to place his personal funds in West Germany as the Maine saver can in California. Europe's financial services should be better able to draw on the pooled resources of its 320 million citizens, and to compete in the world market. The free flow of money within the E.C. is vital to other pending measures to allow banks and insurance companies to provide financial services across national boundaries. The cross-border writing of major non-life insurance business is virtually agreed, and a similar freedom for banks to operate across Europe is now being considered by the E.C. Council of Ministers.

There are, of course, some drawbacks to what the E.C. has just agreed. Capital liberalization is a high-wire act for those member states with large budget deficits traditionally financed mainly out of domestic savings, with a history of capital flight or fears of tax evasion. So several safety nets have been stitched together. One is the creation of a new medium-term loan facility to member states in balance-of-payments difficulties, with a lending ceiling of 16 billion European Currency Units (ECU)—most of it to be

borrowed on the private capital markets and the rest taken out of the E.C. budget. Another, and more important assuager of national nerves, is a safeguard clause that permits countries to reimpose capital controls in a currency crisis. But this would require subsequent approval by the E.C. Commission and could only be for a maximum of six months. In any case, E.C. Ministers agreed they should review the necessity for such a safeguard clause in 1992.

The most controversial rider attached to the capital liberalization directive is the one written in to placate French fears about tax evasion and avoidance. Denmark also was concerned on this issue, but was satisfied with a promise that it could keep its system, whereby its banks automatically report interest payments to the Copenhagen tax authorities. The French, however, got something potentially more far-reaching—a Commission commitment to come up by the end of this year with proposals "for the removal or reduction of the risks of distortions, tax avoidance and evasion," arising out of differing national tax regimes on savings and portfolio investment, and a Council commitment to act on this by mid-1989.

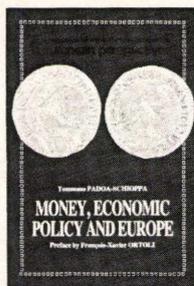
Several member states would object if the Commission were to try to assuage French worries by proposing that differing E.C. tax rates on income from capital be brought together. Such harmonization might stop capital flowing to the country or countries with the lowest tax rates. Luxembourg, with its traditionally low tax rates, would not like such a move. Nor would the United Kingdom, which is disenchanted enough with Commission plans to harmonize other taxes, such as value-added tax. But the only apparent alternative—more reporting by one E.C. tax authority to another—is not something that appeals to London, either.

But a far more significant consequence of capital liberalization may occur in the monetary field. Once short-term speculative money is free to slosh around the currency markets of Europe, there is obviously potential for quicker, sharper movements in the semi-fixed rates of currencies in the European Monetary System (EMS). Clearly, the aim of capital liberalization is for Europe to add financial freedom to its existing monetary stability—not to achieve the former by sacrificing the latter.

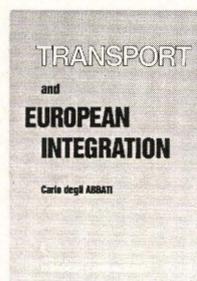
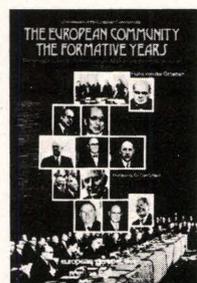
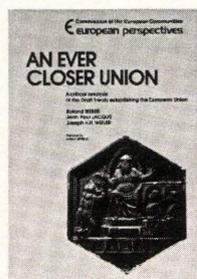
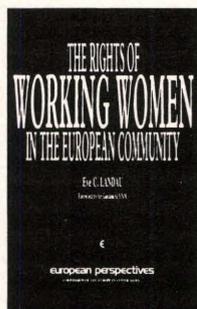
This is why there has been increasing talk of "reinforcing" the EMS. Some such reinforcement in fact took place last September in both the credit facilities (more money for central banks to intervene to support currencies within their margins in the EMS parity grid) and the coordination mechanisms (more quantified analysis by central bank and Finance Ministry officials of exchange and interest-rate movements). But many people feel that this is not enough. France and Italy, in particular, have suggested changes to reduce the current "asymmetry" in the EMS, whereby the obligation to adjust always bears on the country with the weaker, not the stronger, currency. Britain is being once more urged to bring sterling into the EMS parity grid, while Italy is being urged to think about reducing the exceptional margin of fluctuation (6 percent) allowed the lira. The issue, too, of a future possible European central bank, modelled probably on the U.S. Federal Reserve, has also come to the fore.

Whatever institutional changes the EMS might undergo, it is becoming clear that if the E.C. wants to maintain the currency stability of the EMS, and to reach the degree of economic integration only achievable through complete capital liberalization, it can run deviant monetary or economic policies. In short, the E.C. member countries now have another reason to pull together. €

David Buchan reports from Brussels for the *Financial Times*.



EUROPEAN PERSPECTIVES



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MANY GROUPS LOBBY ON IMPLEMENTATION OF MARKET PLAN

MANAGEMENT, LABOR, POLITICIANS, ACADEMICS AND EMBASSIES ARE ALL MAKING THEIR VOICES HEARD.

AXEL KRAUSE

Throughout the United Kingdom, a nationwide advertising campaign has featured well-known business leaders on posters and newspaper advertisements warning their fellow citizens that 1992 is no joke. "Make no mistake," intoned Sir John Harvey-Joners, former chairman of Britain's chemical giant ICI, "Europe is open for business." The advertisements provided a hotline telephone number in London—200-1992—and it has been ringing steadily since April. "Our response is to help British business to get ready for what is coming, because British business is simply not ready," said Sir John, adding quickly that he volunteered and was not paid by the sponsor, Britain's Department of Trade and Industry.

The \$9-million campaign is but one recent illustration of how powerful business groups, governments, political leaders, consultants, embassies and academics throughout Western Europe are lobbying for implementation—in some cases with modifications—of the E.C.'s plan for an integrated market by 1992. The lobbying is being actively encouraged by E.C. Commission President Jacques Delors, who freely tells visitors that he is still dismayed by the lack of enthusiasm and grass-roots support for 1992 among average European businessmen in virtually every member country, particularly among small and medium-sized firms.

Bearing out Delors, a recent *Wall Street Journal* survey of several hundred senior executives in major E.C. countries, including Americans, showed that nearly 70 percent believed E.C. unemployment would rise because of the single market, rather than fall. Most of those interviewed also expressed deep skepticism about the plan's effect on their company's future growth. But sheer ignorance in the European business community remains

the key headache for 1992 planners.

"I am always amazed by the number of business people and association executives who have still not read the White Paper of Lord Cockfield," comments Zygmunt Tyszkiewicz, secretary-general of the Union of Industrial and Employers' Confederations in Europe (UNICE), which is actively supporting the E.C. plan. "Many of these businessmen, who should know better, also have only a hazy idea of what the single market is about, and they are not in regular touch with what is happening in Brussels where decisions affecting our lives are being prepared." French companies, thanks to imaginative promotion by the Government of former Prime Minister Jacques Chirac, are generally regarded as being way ahead of their competitors in the Community, but the levels of awareness are only slowly growing elsewhere.

Surveys show that after France, awareness levels are highest in Britain, Spain and Belgium, growing steadily in the Federal Republic of Germany, but still very slowly in Italy, Portugal and Greece. "What is important, more and more companies throughout Europe are now beginning to ask themselves: What action must we take to prepare ourselves for 1992?" says Tyszkiewicz.

As one of the most active lobbying groups in Brussels, UNICE, whose members include just over 30 employers' and industrialists' associations throughout Western Europe, has established working groups in most of the key sectors affected by the 1992 program. The goal is simple: to study and influence the outcome favorable to business. "Nine-tenths of our work comprises the regular, invisible interchange of ideas between our experts and the E.C. Commission's civil servants," says the Polish-born "Tish," who is British and previously worked for Shell International Petroleum. But he quickly adds: "UNICE also is used by the Community institutions to speak out to industry,

EUROPE WITHOUT FRONTIERS

and to lobby our members." Indeed, UNICE is but one of a wide number of organizations and business leaders meshing with the Commission's drive to obtain approval for the 1992 directive from the Council of Ministers. "We count on business leaders for support," says Delors, citing about 50 European Information Centers that have been established in E.C. member countries with the cooperation of local and regional Chambers of Commerce.

In a related development, U.S. Embassies in Paris and Brussels have become so worried over the lack of awareness about 1992 among American business leaders that they recently urged Washington to begin educating U.S. executives. That move helped trigger establishment of an interagency task force in Washington, headed by the Office of the Special Trade Representative. "We are not going to sit and watch 1992 go by—we will be lobbying for U.S. interests," commented a senior U.S. official in Paris.

The most prestigious of the European lobbying groups, working behind the scenes with governments, the Commis-

"We are not going to sit and watch 1992 go by—we will be lobbying for U.S. interests."

sion and UNICE, is the Roundtable of European Industrialists, known until recently as The Gyllenhammer Group. Founded in 1983 under the leadership of its first chairman, Pehr G. Gyllenhammer, the head of AB Volvo, Sweden's automotive group, the Roundtable currently groups 30 chief executive from Europe's biggest companies, including Fiat, Philips, Saint-Gobain, Daimler-Benz, Plessey, Ferruzzi, Nestlé, Telefonica, Norsk Hydro and Nokia. The group's first report, reflecting the hopes for uniting E.C. countries and member countries of the European Free Trade Association (EFTA)—Norway, Sweden, Finland, Iceland, Austria and Switzerland—urged the building of the Channel Tunnel and a better rail system; a similar position was taken in last year's report urging construction of trans-Euro-



Part of the British Department of Trade and Industry's effort to inform business of its opportunities after 1992 are these advertisements featuring successful British businessmen.

© BRITISH CROWN COPYRIGHT

pean business communications systems. The group also has met with Heads of Government and State in E.C. capitals urging support for 1992.

But since early May, when Wisse Dekker, chairman of Philips' supervisory board, succeeded Gyllenhammer, winds of change have begun blowing. Responding to comments that the Roundtable has been unnecessarily low-key, and overly "pan-European" in its approach to European integration, the group has moved its headquarters from Paris to Brussels. It also has named a new secretary-general, Keith Richardson, former director of public affairs of Britain's BAT Industries, and formerly industrial editor of the *Sunday Times* of London.

"These moves are important," says a member who is chairman of a large manufacturing group, "because they show that we will now focus more on the specific issues of 1992 related to business, such as taxation." He and others close to the Roundtable of European Industrialists concede that they are feuding elsewhere. The recent battle between Carlo De Benedetti of Italy and Belgium's Etienne Davignon over the control of the Société Générale de Belgique is a case in point. Similarly, Dekker has tangled with his fellow member, Cornelius Van Der Klugt, the chief executive officer of Philips. "These incidents don't stop the Roundtable, but they illustrate the problem of internal cohesion," said the member who declined to be identified.

Other, more specialized groups that have sprung up in defense of the 1992 program include the Association for the Monetary Union of Europe, formed last December in Paris. It is lobbying mainly

for free flow of capital within the Community and, above all, the establishment of a European central bank. Its members include Van Der Klugt; François-Xavier Ortoli of France, former E.C. Commissioner and currently chairman of the Total oil group; Jacques Solvay, chairman of Belgium's Solvay chemical company; and Jean-René Fourtou, head of Rhône-Poulenc, France's state-owned chemical company. The political driving forces of the association are Helmut Schmidt, former Chancellor of the Federal Republic of Germany, and Valéry Giscard d'Estaing, former President of France. Political observers in Paris and Brussels say Giscard d'Estaing appears to be using the association to promote his long-cherished ambition to become President of the European Community—a post that does not yet exist. What is important, the observers say, is that both leaders attract badly needed media attention to 1992.

Individual companies and banks have launched their own lobbying campaigns—combining altruistic support for 1992 and their own self-interest. Some examples: France's Banque Indosuez, in full-page advertisements, posed a soberly dressed female executive against the backdrop of the E.C. headquarters building in Brussels, with the headline "Tomorrow Europe, Inc.," suggesting Suez was well placed in helping customers reach that goal. At the end of last year, Germany's Commerzbank enclosed a silver ECU coin in its Christmas cards to customers and the media, thereby identifying itself with monetary union. Barclays Bank of Britain, another ardent supporter of European integration, asked in a promotional document: "Barclays is ready for 1992—are

you?" The Fiat automobile group has sponsored reports on European industrial cooperation that have attracted wide media coverage. And Peter Wallenberg, head of Sweden's largest private holding company and chairman of the Federation of Swedish Industries, has pushed his companies into cooperative ventures with other European companies, while urging the Swedish Government to drop its traditional hostility to even analyzing E.C. membership.

Some businesses, including U.S. groups, are clearly determined to modify the 1992 plan. IBM-Europe has organized what is widely regarded as one of the most effective—and controversial—lobbying promotion campaigns in Europe. Through open letters to the E.C. Commission, behind-the-scenes talks with E.C. leaders and journalists in national capitals and publication of detailed reports, IBM has attempted to accelerate the telecommunications deregulation process. The basic idea is to open the market to U.S. suppliers—and, of course, IBM, which faces considerable hostility in some capitals, notably among governmental and labor union circles.

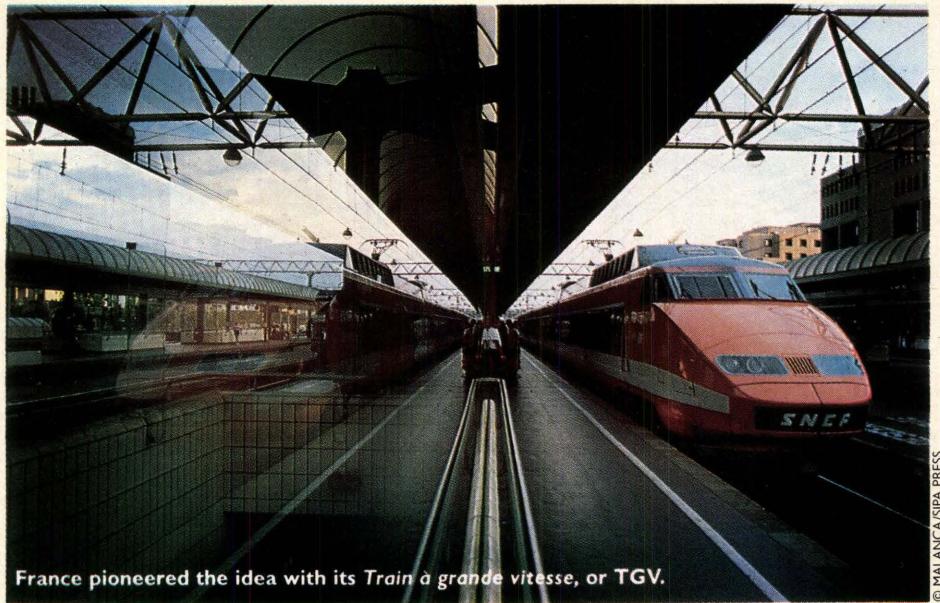
Left-wing politicians and union leaders in Germany and France have recently warned that IBM's strategy is but one ingredient in a company plan to establish a "monopoly" in Western Europe's fragmented telecommunications industry—an allegation heatedly denied by IBM. Its message has been that the U.S. company is continuing to create jobs in Europe and that deregulation will lead to lower costs and better service. A similar message has come from an informal group of other U.S. multinationals, which have looked to leadership from one of the most outspoken American officials in Europe: Alfred H. Kingon, U.S. Ambassador to the Community.

In a special *International Herald Tribune* report on 1992, Kingon warned the E.C. that "I hope that those who guide the course of development of many pan-European industries and financial institutions do not yield to the temptation to benefit existing European companies in an unfair way . . . Were it to happen, the Community would soon find itself cut off from the free flow of information and technology, and on its way to losing further ground." The U.S. warning was another example of the lobbying and promotional activities surrounding the buildup to 1992, which most observers agree has now become a key and indispensable part of the negotiating process. €

Axel Krause is the corporate editor of the *International Herald Tribune*.

EUROPE PREPARES FOR HIGH-SPEED TRAIN NETWORK

RAIL TRAVEL
WILL BECOME
AN ATTRACTIVE
ALTERNATIVE
TO FLYING.



France pioneered the idea with its Train à grande vitesse, or TGV.

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SABINE KRUEGER

When Americans travel through Europe on vacation, people on that side of the Atlantic often make fun of them. "Five European capitals in three days" goes the standard joke, which implies that it is impossible to absorb the beauty and culture of Europe at such speed. Until now, people who wanted to go on a quick tour through Europe had to rely largely on airplanes to bridge the distances and see as much as possible. But this could change in the 1990s. The completion of the European Community's internal market by 1992 and the creation of a unified European high-speed train network will enable tourists and business people traveling in Europe to see the sights and stay on the ground.

High-speed trains running at nearly 190 miles per hour will cut travel times between major European cities in half and make rail travel an attractive alternative to flying. The attractiveness of trains is enhanced by predictions that Europe's already busy airports will be hopelessly overcrowded in a few years, making delays an everyday problem.

A high-speed railway line between Paris, Brussels and Cologne with a connection to Amsterdam will form the nucleus of the new train network that some day could stretch from Oslo to Madrid, Edinburgh to Vienna, Frankfurt to London. The core network is scheduled to be finished in the mid-1990s, but experts say the late 1990s or early 2000s is a more realistic date. The cost will be at least \$3.2 billion.

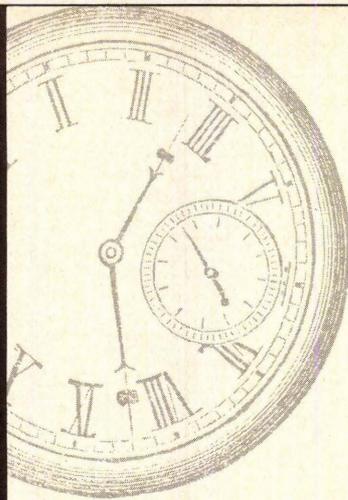
The Eurotunnel under the Channel between France and the United Kingdom,

which is scheduled to open in 1993, will be a vital part of the new rail network because it links Britain to the Continent. When this high-speed connection is finished some time after the year 2000, the train ride from Paris to London will take little more than three hours. This is still longer than the basic flight time between the two capitals, but most train stations are right in the heart of the town, which eliminates travel time to and from oftendistant airports. Add to this the check-in time and the frequent delays due to weather and congestion, and a person traveling from Paris to London may well decide to choose the train.

So far, progress on getting the high-speed train network on the tracks has been slow. Four years have passed since the Transport Ministers of France, the Federal Republic of Germany and Belgium agreed to take the European high-speed rail link into the stage of detailed research. The group now includes the Netherlands, Britain and Luxembourg as well. Technical details of the new network were finally agreed this April.

The ministers decided in favor of trains running on tracks at ground level instead of magnetic levitation trains that use concrete tracks raised on stilts. Magnetic levitation trains are the fastest in the world, reaching speeds over 300 m.p.h., but the cost of building such a network in Europe would be exorbitant. In addition, there is a considerable problem with space. The steel tracks needed for high-speed trains that run on the ground can simply be laid next to old tracks or, in some cases, replace the old tracks. But building the raised tracks and the new stations for magnetic trains would be more difficult. Room would have to be

When the high-speed connection through the Channel tunnel is finished some time after the year 2000, the train ride from Paris to London will take little more than three hours.



found for them in Europe's densely populated metropolitan areas.

Thus, the six Transport Ministers gave the green light to a new high-speed train system similar to those already operating in Germany and France. The tracks that have already been built for these national high-speed train lines will later be used by the new European high-speed trains that will run between 150 and 170 m.p.h. in the early days of the new network. The trains will be able to run voltages across national border crossings. Today's frequent practice of changing locomotives at the border will then be abolished.

Germany, France and Italy have already done their own ground work on high-speed rail travel. The French were the great pioneers. Their train, the *train à grande vitesse* (TGV), was the world's fastest train when it entered service in 1981 on a segment of the Paris-Lyon route.

Today the 320-mile journey takes a mere two hours on the TGV, as opposed to six hours, 10 minutes on a regular intercity train. France's national railway, the SNCF, is building a second high-speed line, the Atlantic line, which will connect Western France with Paris. This line could one day be extended into a high-speed link between Paris and the Spanish capital of Madrid via Bordeaux and San Sebastian. France's third high-speed line, TGV-Nord, is still in the planning stage. It will form an important part of the European network since it will link the Channel tunnel to the high-speed network between Paris, Brussels, Cologne and Amsterdam.

Meanwhile, the Germans are pushing ahead with their Intercity Experimental (ICE) program. The ICE trains will be

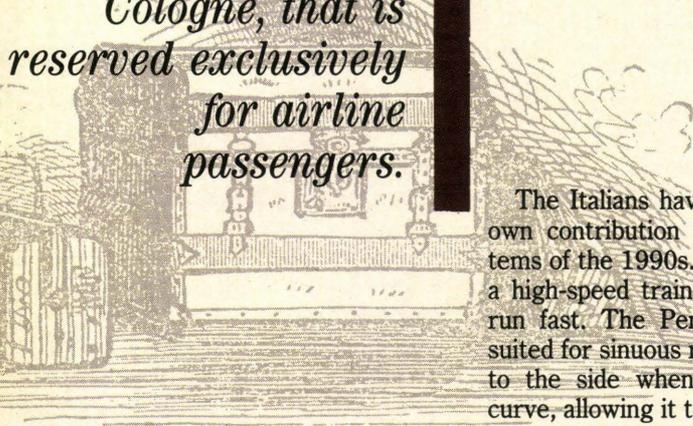
called Intercity Express once they go into operation. On May 1, during the most recent Deutsche Bundesbahn demonstration, the ICE set a new national speed record of 254 m.p.h. Germany is currently building two high-speed rail lines, one between Hanover and Würzburg and a second between Mannheim and Stuttgart. Both are scheduled to be finished by 1991. "Twice the speed of a car and half the speed of a plane, that's our slogan," says Bundesbahn spokesman Fridolin Schell.

Despite the European Transport Ministers' decision in favor of trains similar to those already in operation in France and Germany, the Bonn government is also pushing ahead with its magnetic levitation train, the Transrapid. The German government has in principle approved a plan to build the stretch for commercial operation. It will most likely be between Hanover and Hamburg, two cities in the north of Germany that are about 100 miles apart.

The Transrapid was built by a consortium led by the West German aerospace company Messerschmidt-Bölkow-Blohm (MBB) and has been successfully tested on an experimental track in Germany's Emsland. So far the project has swallowed up more than 1 billion marks, which were largely provided by the German Technology Ministry. Although the Transrapid will not play a role in the new European high-speed train system in the near future, its builders have great hopes that Transport Ministers will eventually come around and realize the potential of magnetic levitation trains. ►

Sabine Krueger is a correspondent for McGraw-Hill in Bonn.

In Germany, Lufthansa runs a special airport express train between Düsseldorf and Frankfurt, with stops in Bonn and Cologne, that is reserved exclusively for airline passengers.



The Italians have come up with their own contribution to the transport systems of the 1990s. It is the "Pendolino," a high-speed train that does more than run fast. The Pendolino is particularly suited for sinuous routes because it leans to the side when it drives through a curve, allowing it to maintain high speed. On straight stretches, it reaches speeds of up to 155 m.p.h. The Pendolino does the Rome-Milan trip in just over four hours, one hour less than a regular intercity train. Unlike the new European high-speed trains, the Pendolino can also run on existing tracks. West German Transport Minister Jürgen Warnke is so impressed with the new Italian train that he recently announced Germany would order 10 trains some time next year. They will run between the south German cities of Nuremberg, Bayreuth and Hof.

Innovation and agreements between Europe's Transport Ministries are not, however, the only prerequisites for the creation of Europe's new high-speed rail network. Before the new generation of slick aerodynamic high-speed trains can begin to whiz through Europe, the sticky issue of financing has to be settled.

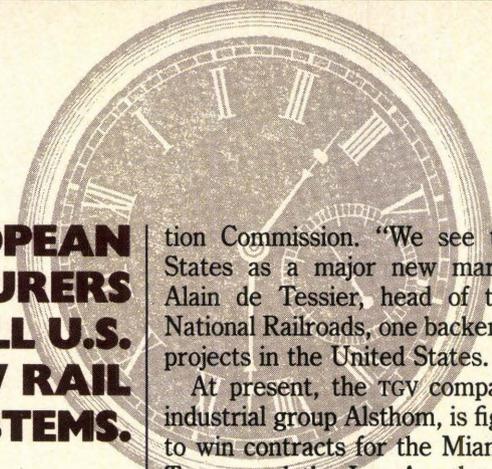
In order to set up the link between Paris, Brussels, Amsterdam and Cologne, new high-speed tracks have to be built. Studies show that the costs for improving the existing rail infrastructure will be highest in Belgium. Yet Belgium is mainly used as a transit country in the new European high-speed network. There will be a stop in Brussels, but demand in Belgium for high-speed rail travel is not high enough to justify the cost. Therefore, the other nations involved—the

Netherlands, Germany, France and possibly Britain and Luxembourg—have to share part of Belgium's financial burden. How the expenses will be split up has yet to be settled.

While the new rail network will some day help ease the mounting problems on Europe's airports and in its skies, airline officials regard the slow progress on the train link with unease. By the early 1990s, Europe's skies will be dangerously overcrowded, delays will mount and airports will fill up, the officials say. As a result, security will suffer. Frankfurt airport, for instance, is expected to serve some 32 million passengers a year by the year 2000 and officials are wondering where to put them all.

"The completion of the new high-speed European rail link is still many years away; meanwhile, our problems are growing," a spokesman for Germany's national airline, Lufthansa, says. "We are very much in favor of linking train traffic with air traffic. Especially on the short-distance routes under 200 miles, trains will be a cheap and speedy alternative to flying and can help reduce the number of airline passengers," the spokesman says.

In Germany, many big-city airports can now be reached by intercity train and Lufthansa runs a special airport express between Düsseldorf and Frankfurt with stops in Bonn and Cologne. It is reserved exclusively for airline passengers. "We hope that more rail links between airports will be built all over Europe," the Lufthansa spokesman says. He points out that the Transrapid magnetic levitation train would be particularly suited for such connections. €



EUROPEAN MANUFACTURERS VIE TO SELL U.S. NEW RAIL SYSTEMS.

PAUL KEMEZIS

American travelers who have experienced modern high-speed rail service in Europe are likely to begin enjoying similar service at home within the next 10 years. They will be able to ride between Miami and Tampa in under three hours, from Houston to Dallas in 70 minutes, and from Los Angeles across the desert to Las Vegas in 75 minutes.

While these trains will be in the United States, they will still be European-designed and built. Because of policy decisions taken in the 1970s by the U.S. Government to renovate existing railroads for Amtrak instead of promoting new high-speed rail systems, the leading American rail equipment suppliers got out of the high-speed rail business. Therefore European companies, with a record of success at home, have become by default the main competitors for at least six proposed rail routes in the United States.

France's *train à grande vitesse* (TGV), now expanding its network at home, Germany's Intercontinental Express (ICE), the Swedish-Swiss ASEA-Brown Boveri rail group, which already sells locomotives for Amtrak's New York-Boston "Metroliner" service, and even Germany's magnetic levitation rail concept, are viable candidates for U.S. rail systems in the planning stages.

The main force driving the resurgence of high-speed rail in America is not the federal government. Instead, state government planners, who are convinced that their airports and highways will become saturated, especially in high-density corridors, are promoting rail solutions as the best alternative.

"Studies show that without some action we will need a 43-lane super highway by the end of the century to handle traffic between Miami and Ft. Lauderdale," says Charles Smith, executive director of the Florida High-Speed Rail Transporta-

tion Commission. "We see the United States as a major new market," says Alain de Tessier, head of the French National Railroads, one backer of the TGV projects in the United States.

At present, the TGV company, led by industrial group Alstom, is fighting hard to win contracts for the Miami-Orlando-Tampa and the Los Angeles-Las Vegas routes. These are the two systems in the United States that are closest to a decision. TGV also is a serious contender for the Detroit-Chicago and Cleveland-Columbus-Cincinnati routes, which are still in preliminary planning stages.

The ICE group, formed by several German firms including Krauss Maffei AG, Messerschmidt-Bölkow-Blohm GmbH and Thyssen Industrie-AG Henschel, is busy on a \$1.8-billion proposal for the Houston-Dallas route, which could be expanded to a triangle including San Antonio and Austin. However, this year the State of Texas decided to do a major new study of the plan, in effect, opening it to other competitors.

The German Transrapid group, made up of the same companies as ICE, has for the present put all its effort into winning the prestigious 230-mile Los Angeles-Las Vegas route. The Transrapid group decided the non-stop desert route was the best suited to its train, which glides on a magnetic cushion at speeds of over 300 mph. Its main rival, the TGV, will cruise at 186 mph, considered about the minimum speed necessary to attract riders.

An initial feasibility study by Queens University in Ontario earlier this year said that both systems were economically viable, opening the way for the world's first head-to-head shoot-out between "mag-lev" and advanced conventional rail.

The German group is waiting for an announcement from the Bonn Government this summer on selection for the first intra-city route in Germany for the Transrapid, which up to now has only operated on a 20-kilometer test track in the Emsland. They believe this will add new credibility to their project. TGV, of course, has plenty of credibility from its French operations that may now extend through the Channel Tunnel and to Belgium and Germany itself. A joint California-Nevada state commission will decide on a single project by 1990.

In Florida, a similar commission will

award a franchise for the 300-mile Miami-Orlando-Tampa route within two years. TGV is a strong contender along with the Florida High-Speed Rail Corporation, which will use the ABB technology. Both groups submitted proposals in March for projects costing between \$2 billion and \$4 billion.

These routes also could connect with a Japanese-built mag-lev shuttle between Orlando Airport and Disney World, which has just been proposed. However, the TGV group opposes this idea, preferring to stop at Disney World itself to pick up the heavy passenger traffic. The rival group, made up of the development and construction companies, has no objection and plans to adopt the magnetic levitation technology to the long-distance routes at a later stage if they are proven on the short run.

Mag-lev also is seen as a favored technology in Pennsylvania, where it eliminates slowdowns due to hilly terrain, and Texas and Michigan planners are leaving it as an option. Ohio, however, has rejected it as too expensive for its state government-run railroad.

Europe also is well represented in conventional rail in the United States with companies like Alstom and ABB supplying subway and rail systems. Currently France's ANF Industrie is hoping to win a contract to supply "turbotrain" locomotives for Amtrak's improved 125-mph Northeast corridor between New York and Boston. In the same competition, Spain's Talgo group hopes to sell its specialized "tilt" passenger cars to smooth curves along the route.

One major problem facing all these high-speed rail projects is financing, and especially the fact that the inter-city railroads in the United States do not qualify for tax-free bonds, like airports and other transportation facilities. The fact that U.S. companies are not supporting the projects has meant they have less punch in Congress, where any such change in tax rules requires tremendous lobbying.

This may lead to a greater linkage of the European rail companies with U.S. firms and a major amount of equipment fabrication in the United States. The Transrapid group, for one, says it is looking for a major U.S. partner for its mag-lev business. **€**

Paul Kemezis is assistant publisher of *New Technology Week* and *Energy Daily*.

WOMEN IN THE E.C.

ACTION PROGRAM SEEKS TO PROMOTE REAL CHANGE.

Today, 55 percent of women in the E.C. aged between 14 and 59 either have a job or are looking for one. Below, Ireland.



© COTTON COULSON/WOODFIN CAMP

Since the beginning of the 1970s, there has been a net growth in the overall working population of the European Community countries, due mainly to the entry of more women into the labor market. Today, 55 percent of women aged between 14 and 59 either have a job or are looking for one. This has come about not simply because women wish to increase their income, but also because they want to exercise more independence. Of the E.C.'s estimated total working population of 140 million, some 52 million are women. Of these, 71 percent are in services, 21 percent in industry and 8 percent in agriculture.

Though more and more women are working, there are still proportionately more of them than men in the unemployment lines in Europe: 42 percent of the E.C.'s unemployed are women. Underlying causes are training that is often ill-suited to economic needs and to the development of new technologies, and the economic crisis and its consequences, which particularly affect people in the most vulnerable categories. Eighty-four percent of part-time workers are women. However, this type of work does not always carry the same protection as full-time employment. Above all, it rarely leads to promotion or increased responsibility within the company.

Women's employment raises other problems, which are difficult to illustrate with figures. It is clear nonetheless that much remains to be done to achieve equality with men, whether in regard to schooling, training, salary, social security

or the sharing of occupations or family responsibilities.

The reasons for E.C. action

There are multiple grounds for E.C. action in favor of working women:

- It is a continuing aim of the E.C. to improve the living and working conditions of its citizens. With this in mind, Article 119 of the Treaty of Rome establishing the E.C. stipulates that "each member state shall... ensure... the application of the principle that men and women should receive equal pay for equal work." Originally the prime concern was to avoid distortions of competition caused by differences in some countries between men's and women's pay, but as time went by social considerations took over.
- At their Paris summit meeting in 1972, the Heads of State or Government decided to develop a European social policy.
- In 1974, the E.C. Council of Ministers adopted a social action program proposed by the E.C. Commission. This provided in particular for action to ensure equality between men and women in access to jobs

and training and in working conditions and pay.

- The European Parliament too showed a keen interest in women's problems. It set up an ad hoc commission of inquiry on the situation of women in Europe, which in 1984 became a permanent committee on women's rights.

Within this context, the Commission has drawn up different programs in favor of women. A memorandum on equality of treatment between male and female workers was submitted in February 1975. There followed a first action program (1982-85) to promote equal opportunities. This ambitious program appreciably enlarged the role and policy of the E.C. in this area. As part of the program, an advisory committee on equal opportunities was established to assist the Commission in implementing its measures in favor of women.

In December 1985, the Commission submitted a second medium-term program for 1986-90, which was approved by the Council of Ministers in July 1986. It falls within the framework of the devel-



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Of the E.C.'s estimated total working population of 140 million, some 52 million are women. Of these, 71 percent are in services, 21 percent in industry and 8 percent in agriculture. Left, Spain.

opment of the "People's Europe," the E.C.'s bid to give Europe a human face. The program has two main objectives: to consolidate the E.C.'s achievements to date and to promote real change by means of a concrete and pragmatic approach. Thus it takes into account the specific problems of various categories of women, it emphasizes positive exemplary action to eliminate extra-legal discriminatory factors in a number of fields of activity, and it identifies clearly the responsibilities of all parties concerned in the Community. All this is worked out in a logical path leading from school to the general development of attitudes, taking in employment problems, new technology, social security and the sharing of family and occupational responsibilities.

Equality in education and training

Equality of opportunity begins at school. It is still too common for young girls to fall victim to prejudice and close off the multiple career possibilities that are increasingly open to them.

In the 1975 memorandum it was proposed to encourage true equality of opportunity for girls and women, by means of action focusing on different stages of life: school age, start of working life, return to work, and so on. The 1982-85 program put the emphasis on ways of spreading information and diversifying the choices available in school and work, including familiarity with new technologies. The E.C. supported a series of pilot projects and exchanges of experience in the different member states.

Several activities are taking place at the moment:

- In the field of education, in June 1985 the ministers responsible initiated a program for equal opportunities, which gave rise to numerous national activities supported by the Community. They were mainly concerned with training those in charge of education and increasing their awareness, getting a better mix of men and women in teaching jobs, improving career guidance and eliminating the stereotypes still to be found in educational material.
- In vocational training, there are several E.C. resolutions that urge member states to intensify their activity to promote equal opportunities. The European Centre for the Development of Vocational Training (CEDEFOP) is increasing its research and promotional activity. Studies are being carried out to prepare recommendations that can be allied to certain categories of persons (migrants, handicapped women, women looking for a job after giving up work for a time, and so on). Lastly, the E.C. encourages national authorities to avail more of the possibilities offered by the European Social Fund. This fund co-finances numerous programs for training, re-employment and first-time employment that are open without discrimination to men and women. It also helps finance specific training programs for women, particularly for non-traditional occupations. In all, more than 1 million women, most of them under 25 years old, benefited from Social Fund aid in 1985, to the tune of 38

percent of the Fund's resources, or about 800 million European Currency Units (ECU), about \$610 million.

In the light of the results of all these activities, the Commission will propose new E.C. training guidelines to promote even further the fair distribution of employment between the sexes.

Equality at work

Working conditions for women vary from one country to another, but in differing degrees. The same characteristics are to be found everywhere: vocational guidance and training often insufficient or unsuitable; excessive influence of family responsibilities (marriage, motherhood) on the course of women's careers; women workers being concentrated in certain sectors and certain job categories that are often more vulnerable, less highly qualified, lower-paid and with fewer promotion prospects.

The E.C. has already taken various steps to improve the situation:

- To eliminate inequality in women's pay, the E.C. took as its basis Article 119 of the Treaty of Rome, which stipulates that "pay means the ordinary basic or minimum wage or salary and any other consideration, whether in cash or in kind, that the worker receives, directly or indirectly, in respect of his employment from his employer. Equal pay without discrimination based on sex means: a) that pay for the same work at piece rates shall be calculated on the basis of the same unit of measurement; and b) that pay for work rates shall be the same for the same job."

On this basis in February 1975 the Council of Ministers adopted an E.C. directive obliging member states to revise their laws so as to exclude all discrimination on grounds of sex, particularly in systems of occupational classification. Under the directive, all workers believing themselves to be victims of discrimination must have the right and the possibility to take their case to a tribunal, and be protected against any wrongful dismissal if they do.

- To end other forms of discrimination, the Council adopted a directive in February 1976 obliging member states to ensure equal treatment in regard to working conditions and access to employment, training and promotion. By "equal treatment" the directive means the absence of all discrimination based on sex or marital or family status. Here, too, the Commission provided for individuals to be able to have recourse to justice without putting their jobs at risk. The Commission itself also has brought member states who were in default before the European Court of Justice. This right of recourse to the law is important: It formally affords legal protection to the worker in an area that, in most cases, was not covered by national legislation. Any person believing him or herself to be wronged can lodge a complaint with the national tribunal or other competent body. In the event of a dispute over the interpretation of E.C. law, it is for the European Court of Justice to settle the question.

- So far, all the directives mentioned apply to salaried workers, but a new one, adopted at the end of 1986 and applicable between now and 1989 (1991 in some cases), orders the elimination of direct or indirect discrimination against independent women workers (including agricultural workers). This measure also includes provisions in relation to maternity and to social security.

- In the 1982-85 action program these legal arrangements were complemented by a strengthening of individual rights and a number of positive measures. These measures had the aim of improving the position of women in regard to employment, and consisted in particular of programs to promote women in certain industrial sectors, in banking, the public service, the media, and so on. Other important aspects of this policy are: better public information on the positive aspects of a change in attitudes; the creation on the ground of conditions for a better integration of men's and women's professional, family and social lives; diversification of vocational choices and training for girls and women, as well as other measures to promote an even mix of men and women in employment.

Today, the situation still gives cause for concern. Women workers continue to be heavily concentrated in certain sectors. They also are particularly vulnerable to current economic and social changes such as unemployment and the increase in precarious or flexible forms of employment and so on. The 1986-90 program therefore gives priority to promoting employment of women. The essential aims are:

- To improve the quantitative and qualitative data so that the specific characteristics of female employment can be better grasped.

- To ensure consistency between overall employment policies and measures specifically aimed at women.

- To eliminate outdated protective legislation in regard, for instance, to night work.



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The E.C.'s action program will help train women in the new technologies and improve working conditions. Left, France.

- To develop positive action in companies in various sectors.

- To support local employment initiatives, which are of special interest to women, who sometimes encounter particular difficulties, notably when it comes to obtaining credit.

- To encourage member states to review their tax systems to lessen the disincentive for married women working.

The program also provides specific measures for certain categories of people who come up against particular problems: women who are alone or who have charge of single-parent families, immigrant and handicapped women, women working in the home and so on.

Equality in the face of new technology

Women are often poorly prepared to seize the opportunities that can be offered to them by new technology, although it has a considerable influence on much female employment (modern office equipment, for example). The program for 1986-90 provides for a series of actions intended

to facilitate the drawing up of overall E.C. guidelines.

- Education and training: From primary school onwards, girls should have the fullest access to new technology. Vocational training, with the help of the Social Fund, should encourage access by women to positions in the new technology sectors.

- Employment and working conditions: High-level recruitment of women and their vertical mobility should be encouraged. The impact of tele-computing and other new technology on health and safety at work should be studied, as should the division of time between work and leisure. The social partners also should be encouraged to pay more attention to the consequences of new technology for female employment.

- Information and awareness-building: Besides the round-table discussions organized by the Commission there could be other initiatives such as seminars, brochures and so on.

Equality in social security and social protection

Reliance on traditional concepts such as "head of family" or "household" has led to discrimination, which has often been increased by budgetary constraints that limit certain benefits. Such discrimination is forbidden by European law.

- Article 119 of the Treaty of Rome stipulates that equal pay for men and women applies not only to salary, but also to "any other consideration, whether in cash or in kind that the worker receives directly or indirectly in respect of his employment from his employer."

- An E.C. directive adopted in December 1978 makes illegal, since the end of 1984, discrimination in statutory social security schemes covering risks of illness, disability, old age, accidents at work, occupational illness, unemploy-

ment and family allowances. Under another directive, adopted in July 1986, discrimination in occupational social security schemes must be eliminated before 1993.

The Commission will continue to see that these legal measures are complied with. Its program also commits it to extend the scope of the 1978 directive into such areas as retirement age, bereaved spouses' pensions, family allowances and others. It will strive to ensure more adequate protection for pregnancy and maternity, particularly as regards equal opportunities for employment and careers.

Sharing responsibilities and developing attitudes

Achieving true equality of opportunities involves:

- A better sharing of family and occupational responsibilities. The 1986-90 program provides for awareness-building activity as well as a number of measures dealing with parental leave, development of child-minding facilities, improvement of social infrastructure (transport, timetables of public and private services) and reorganization of working time.

- New progress in developing attitudes. The program provides for widespread information campaigns aimed not only at women, but also at the less convinced sections of the public. These actions will be carried out in cooperation with various groups: women's groups, of course, but also associations of families, parents, young people and consumers, as well as the social partners and television organizations.

Fuller enforcement of E.C. law

We have seen how the E.C. has already adopted several legal measures to promote equal opportunities. It is still necessary to see that they are properly translated into national law, correctly interpreted and applied in practice, with individuals being able to have recourse to the law as intended. The program for 1986-90 provides for:

- The drafting of a legal instrument to make recourse to the courts easier, by reversing the burden of proof. In future, it would be for the employer to prove that he is not practicing discrimination.

- Better information and awareness-building activity. Colloquia, seminars, etc. will help to improve the training of those who must apply the law. The social partners also will be encouraged to resume discussion of problems such as occupational classification.

- The development of mechanisms for comparing experiences and for stimulat-

ing and monitoring action at E.C. and national levels. The working of the Advisory Committee on Equal Opportunities will be adapted, and the work of the group of independent experts that follows the application of equality directives will be intensified.

E.C. services

The E.C. is a driving force in the implementation of the program for equal opportunities. For this work it has two specialized services:

- The Women's Employment and Equality Office, set up within the Commission's Directorate-General for Employment and Social Affairs, is responsible for drawing up and implementing E.C. policy. It drafts the Commission's proposals, monitors the application of existing law and sees that equality problems are taken into account in other E.C. policies. The office also promotes concrete activities (such as positive action in companies) and organizes or supports action to promote equal opportunities in practice: studies and research projects, seminars, meetings, local job-creation initiatives and so on. It maintains an active dialogue with the social partners and with the contact and exchange networks set up by the Commission. Finally, it represents the Commission in international fora dealing with women's problems.

- The women's information service, within the Directorate-General for Information, Communication and Culture, maintains constant contact with women's groups, associations and movements and informs them about E.C. activities that could be of interest to them. The service's work includes supporting the organization of seminars and conferences, providing information for women's magazines and publishing various special studies and the bi-monthly bulletin *Women of Europe*, which appears in nine languages.

The key role of the Commission should not obscure the responsibilities of the other parties whose action and political will are necessary if the E.C. program is to be successfully carried out—political and legal authorities at national, regional and local levels; social and professional organizations; and those responsible at national level for equal opportunities. The 1986-90 program clearly identifies these partners in the work and the role they have to play, thus highlighting the need for improved concentration all round. To facilitate this, the Commission intends to develop the existing contact mechanisms as well as dialogue with government representatives, women's associations, the social partners and other interested groups. €

Much remains to be done before women achieve equality with men, whether in regard to schooling, training, salary, social security, job opportunities or the sharing of family responsibilities.

E.C. SUMMIT AGREES TO STUDY CLOSER MONETARY COOPERATION

EUROPEAN COUNCIL ALSO REAPPOINTS DELORS AS E.C. COMMISSION PRESIDENT.

ANTHONY WILLIAMS

European Community leaders agreed to study closer monetary cooperation and unanimously reappointed Frenchman Jacques Delors as head of the E.C. Commission during the European Council summit meeting on June 27-28, 1988. Belgian Prime Minister Wilfried Martens, briefing reporters after the Twelve held late-night dinner talks on the first day of the summit in Hanover, said a study group of central bankers headed by Delors would report in

a year, but take no decisions.

Martens said that although there was a strong majority in favor of creating an E.C. central bank, the group's mandate made no reference to such an institution—bowing to opposition by British Prime Minister Margaret Thatcher. Many E.C. politicians see monetary union—a single currency and a central bank to control it—as the final crowning of a fully integrated Community without barriers to movements of people, goods and capital by the end of 1992. Thatcher, however, believes a single currency and a

central bank would require a United States of Europe. Since that prospect is so remote, she said, the E.C. would do better to concentrate on practical short-term monetary cooperation and pushing on with the 1992 program for completion of the internal market.

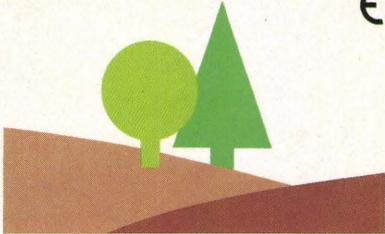
On the subject of the 1992 program, the leaders called the E.C.'s campaign to remove all trade and other barriers between member states "irreversible." They called for action "as soon as possible" to create a unified internal market in

Anthony Williams is a correspondent for *Reuters*.

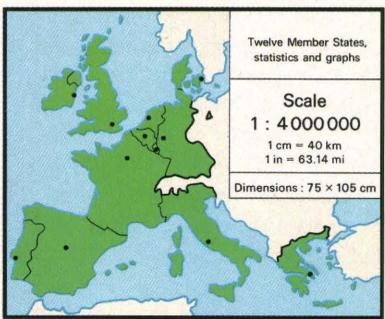


E.C. Commission President Jacques Delors and German Chancellor Helmut Kohl at the Hanover meeting.

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THE EUROPEAN COMMUNITY Forests



Twelve Member States, statistics and graphs

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1 in = 63.14 mi

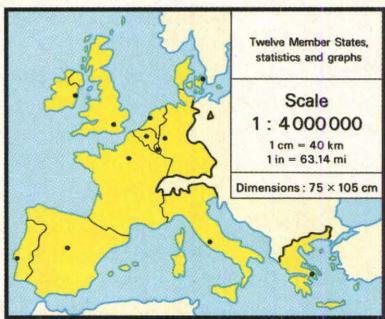
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THE EUROPEAN COMMUNITY Farming



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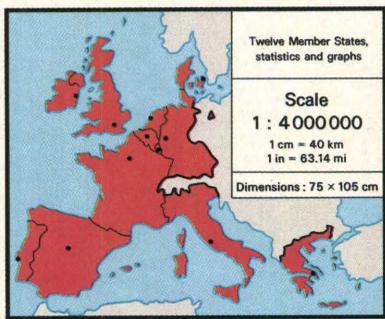
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THE EUROPEAN COMMUNITY Political map

MEMBER STATES, REGIONS AND ADMINISTRATIVE UNITS



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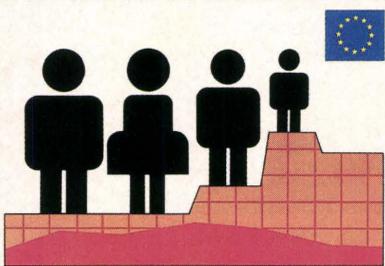
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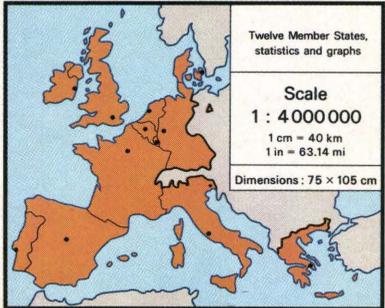
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THE EUROPEAN COMMUNITY Population



Twelve Member States, statistics and graphs

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DELORS REAPPOINTED AS E.C. COMMISSION PRESIDENT

E.C. leaders reappointed Jacques Delors as President of the E.C. Commission on June 27. Delors, 62 years old, a former French Finance Minister and architect of the 12-nation bloc's drive to create a E.C. without borders by 1992, was reappointed to the E.C.'s top administrative post for a further two years. He has held the job since 1985. Spanish Prime Minister Felipe González, briefing reporters on the first day of the European Council summit, said the vote for Delors was unanimous and that he was the only candidate for the job.

Delors is the first man to hold the post for more than four years since West Germany's Walter Hallstein, who served as the first E.C. Commission President from 1958 to 1967. Helmut Kohl, Chancellor of the Federal Republic of Germany, said that Germany wanted its candidate to get the job next time.

The Commissioners, who are nomi-

nated by individual member states, serve for four years, but the President is appointed after every two years. Diplomats said it was by no means certain that Delors would be reappointed midway through the life of the next Commission, since Kohl might insist that his Economics Minister Martin Bangemann get the job. Bangemann is leaving the Bonn Government to join the new Commission.

Delors has given the E.C. a new direction and sense of purpose during four turbulent years in Brussels. He helped haul the bloc out of stagnation and self-doubt and set it the goal of abolishing internal borders and trade barriers by the end of 1992. Delors, an economist whose career in French politics took him from an adviser to Gaullist Prime Minister Jacques Chaban-Delmas to Finance Minister under Socialist President François Mitterrand, has a knack for getting his own way.—*Reuters*

specific areas—public contracts, banks and other financial services, technical standards and intellectual property.

The final communiqué from the summit also called on the E.C. to develop production of audiovisual programs "reflecting the richness and diversity of European culture," to provide better health and safety protection for workers and to intensify efforts to prevent air and water pollution. On political matters, the European Council welcomed the "climate of increased confidence and cooperation" in U.S.-Soviet relations, and issued statements on Afghanistan, East-West relations, the Middle East, South Africa, southern Africa and Latin America.

Chancellor Helmut Kohl of the Federal Republic of Germany was anxious to avoid any new rows at the meeting, which designed to celebrate the 12-nation bloc's new-found harmony and self-confidence after three summits dogged by disagreements over finances. While E.C. leaders discussed economic affairs, their Foreign Ministers held separate talks on security issues and regional political questions.

Kohl, the summit chairman, whose country handed over the rotating six-month presidency of the E.C. Commission to Greece on July 1, also urged leaders to take action against international crime. Some E.C. Governments are worried that abolition of border controls would give gangsters, drug traffickers and terrorists a free run of all 12 countries.

The decision to ask Delors to head the currency union study was a double triumph for France's former Finance Minister, who sought a key role in discussions on economic integration. Delors is the chief architect of the drive for creating a single European market in four years. He believes that setting a goal now of a central bank and one E.C. currency would galvanize the 1992 campaign aimed at giving Europe the clout it needs to compete with the United States and Japan.

The committee studying monetary policy also will include E.C. Commission Vice-President Frans Andriessen and three outside experts. These are Miguel Boyer, a former Spanish Finance Minister; Belgian Alexandre Lamfalussy, director-general of the Bank for International Settlements in Basel, Switzerland; and Niels Thygesen, professor of international economy at Copenhagen University.

Only 11 central bank governors will sit on the committee since Belgium and Luxembourg are already joined in monetary union—an example of sovereign states sharing a currency that is often cited as an example by advocates of wider E.C. integration. The committee will present its recommendations to E.C. Finance Ministers in the first half of next year and their report to Heads of State and Government will be discussed at the E.C. summit in Madrid next June. "The Madrid summit will take the decisions," Mitterrand said. €

EAST-WEST RELATIONS

The following is an excerpt from the final communiqué issued after the summit.

The European Council noted that East-West relations had moved into a more dynamic phase. In this process the Twelve are determined to continue to play an active rôle. They welcomed the evidence of the Moscow summit that a climate of increased confidence and cooperation has now been established in U.S.-Soviet relations.

The Twelve are encouraged by the recent progress in arms control and disarmament. They stress their willingness to work for further progress in the current and future negotiations with a view to achieving stability at a lower level of arms. The principle of asymmetrical reductions and stringent verification provisions laid down in the INF treaty establishes a valuable precedent.

The Twelve also look for continuing progress toward the peaceful resolution of regional conflicts, universal respect for fundamental human rights and the free exchange of people and ideas.

The European Council welcomes the more outward-looking attitude now being shown by Eastern European countries in their economic contacts with the West, as witnessed by the establishment and development of relations with the Community. This should be encouraged as contributing to the wider opening up of their economies and societies.

The European Council calls upon other CSCE participating states to join in an effort to conclude the Vienna meeting with a substantive and balanced document permitting significant progress in all areas, in particular in the human dimension. The draft concluding document proposed by the neutral and nonaligned states on May 13 offers a suitable basis to elaborate such a document. A successful conclusion of the Vienna meeting will make possible an early start of negotiations on conventional stability in Europe, the key issue of European security, aiming at the establishment of a stable and secure balance of conventional forces in Europe at a lower level, and on a further set of security and confidence-building measures, as well as other follow-up proposals supported by the Twelve.



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E.C., COMECON AGREE ON MUTUAL RECOGNITION

DECLARATION OPENS WAY FOR NEW TRADE AND ECONOMIC TIES AND ENDS YEARS OF MISTRUST.

MYRA MACDONALD

The European Community and Comecon, the Soviet-led economic bloc, signed a joint declaration of mutual recognition on June 25, opening the way to boosting trade and economic ties and ending years of mistrust. "We have embarked on a new chapter in the history of postwar Europe," West German Foreign Minister Hans-Dietrich Genscher said after the signing ceremony. "The long overdue normalization of relations between the E.C. and Comecon is now a reality."

The joint declaration between the E.C. and Comecon, the Council for Mutual Economic Assistance, was initialed in Moscow on June 7. It was formally signed in Luxembourg by Genscher and E.C. Commissioner Willy De Clercq and by Comecon Secretary Vyacheslav Sychov and Czechoslovakia's First Deputy Prime Minister, Rudolf Rohlicek. It will pave the way for the E.C. to open diplomatic relations with individual Comecon members, and end years of suspicion during which the 12-nation E.C. was seen as the economic arm of the North Atlantic Treaty Organization.

"The signing of the joint declaration ... is another proof that with goodwill and realistic attitudes, states having different social systems can reach agreement on major international issues while adhering to their basic positions," Rohlicek said.

The Soviet Union, Czechoslovakia, East Germany and Bulgaria already have asked to establish diplomatic relations with the E.C. and others are expected to follow shortly. Both sides said they intended to intensify economic and trade ties between the E.C. with its 320 million people on the one hand and Comecon, which, according to Genscher, provides a potential market of more than 400 million

consumers on the other.

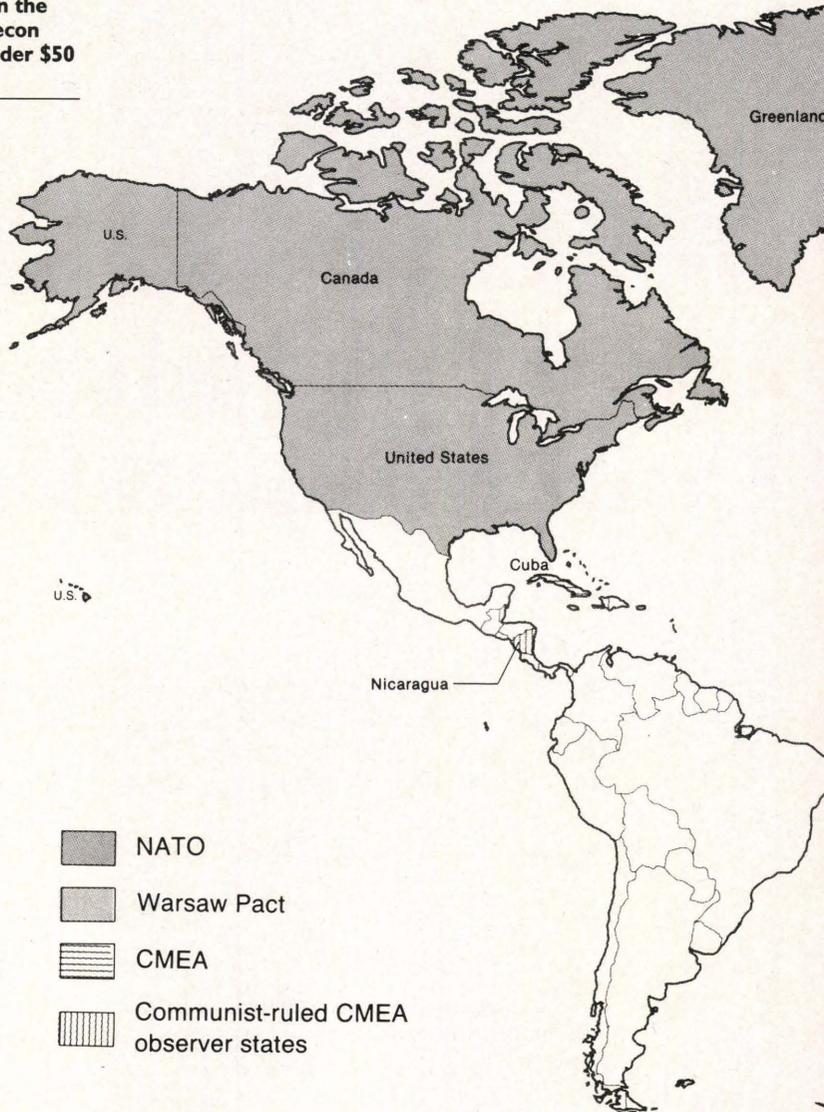
"The Community intends to give greater practical effect to such cooperation by concluding trade and cooperation agreements with the member states of Comecon," Genscher said. He added that E.C.-Comecon trade had dropped considerably since the mid-1980s. The share of E.C. foreign trade taken up by Comecon was much less than it should be at about 7

percent, he added. Trade between the E.C. and Comecon was worth more than 43 billion European Currency Units (ECU)—almost \$50 billion—in 1987, with the Community running a small deficit, largely due to Soviet oil and natural gas exports, according to the E.C. Commission.

Sychov said that the Soviet-led bloc wanted not just to develop economic ties, but also to increase cooperation in technology, energy production, transport and the environment. E.C. diplomatic links with Moscow and several of its allies should follow within weeks, sealing a whirlwind courtship that took off under the Kremlin leadership of Mikhail Gorbachev. "The Russians have finally bitten the bullet and accepted the Community's existence," commented one E.C. diplomat. "Both sides are now looking to see what they can get from an agreement to recognize each other," he added.

"This is a two-way street," said Oleg

Trade between the E.C. and Comecon totaled just under \$50 billion in 1987



Myra MacDonald is a correspondent for *Reuters*.

Belous, a spokesman at the Soviet Embassy in Brussels. "With our new vision of the world, we had to accept the reality of the European Community. If there are official relations, there are more possibilities of contacts and of finding solutions to problems," Belous noted. Another diplomat said concessions to the E.C. were all part of Gorbachev's foreign policy of tying in with world economic systems and of engaging in a "charm offensive" around the world.

In the long term, E.C. countries, such as the Federal Republic of Germany, regard the East Bloc as a huge underdeveloped market for exports and E.C. Commissioner Willy De Clercq recently described the new ties as a big step forward in East-West relations. The E.C. already has several agreements with various Comecon countries on specific issues.

The agreement, hailed in Brussels as an E.C. victory, was thrashed out in May after Comecon accepted a formula implicitly treating West Berlin, still occupied by World War II allies Britain, France and the United States, as part of the Commu-

nity. The E.C. says the Soviet-led trading group—which includes Moscow's six Warsaw Pact allies, as well as Mongolia, Cuba and Vietnam (CHK)—also backed down on a demand to control bilateral ties between the E.C. and individual Communist countries. "We didn't want any agreement that would strengthen Moscow's hold over its allies," one E.C. official said.

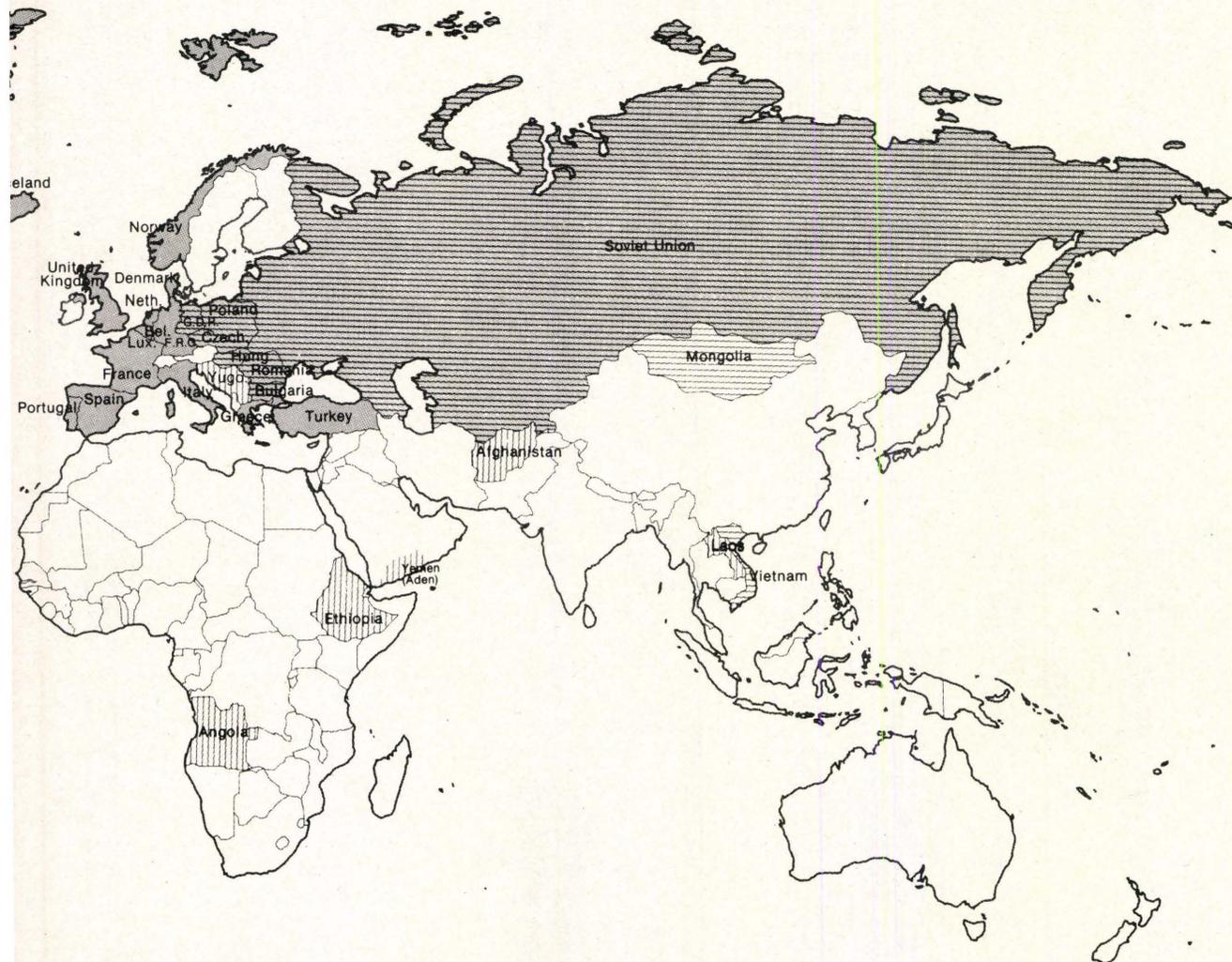
The 12-nation Community says it also has secured its demands to deal with individual Soviet Bloc states, molding agreements according to the circumstances of each. As far as E.C. Governments were concerned, the Comecon joint declaration is simply the price demanded for Moscow and its allies finally to establish diplomatic relations with Brussels.

Many officials say the Soviet Bloc stands to make the most immediate gains from new ties. Soviet officials already presented a long "shopping list" for such cooperation, covering just about every area of E.C. activity, officials said. "It's in the Soviet Bloc's economic interest. They

need a flow of investment capital if they have a hope in hell of meeting their commitments to consumers," said one non-E.C. diplomat.

The declaration between the two blocs signed on June 25 is little more than a commitment to recognize each other and to develop forms of cooperation to be specified later, say E.C. officials. Bilateral ties, however, are likely to deliver more trade accords, giving individual countries better access to E.C. markets in return for improved treatment of West European businessmen, E.C. officials note.

The E.C. is already negotiating a trade and cooperation agreement with Hungarian officials in Brussels that could be initialed next week. Deadlocked in talks with Rumania, it is discussing a trade agreement with Czechoslovakia on industrial products. East Germany, often called the 13th member of the E.C., already has privileged access markets in the E.C. through the Federal Republic of Germany. €



The United States has not recognized the incorporation of Estonia, Latvia, and Lithuania into the U.S.S.R. Boundary representation is not necessarily authoritative.

DENMARK

NEW THREE-PARTY
GOVERNMENT
FORMED.

MEMBER STATE REPORT/OVERVIEW

LEIF BECK FALLESEN

Danish politics are notoriously unstable by northern European standards. And the three and a half weeks it took to form the new Danish Government after the May 10 elections was the longest government crisis in 75 years. This is thus not likely to do the reputation of Danish political performance any good, though for once that may be a premature verdict. For the first time in more than 30 years, the Danes are discussing constitutional changes to speed up and simplify political decision-making.

More to the point, a new majority has emerged in Danish policy on the North Atlantic Treaty Organization (NATO), and Denmark now has a Government with an undisputed mandate in key areas of foreign and domestic policies. This is a completely new situation, and it just might give the Danes a longer spell of political stability. This is neither the belief nor the hope of the Social Democratic Party, but it will need the unlikely support of the right-wing Progressive Party to topple the Government.

The new, three-party minority conservative-liberal-radical Government was formed in the first week of June, with a first task of restoring the credibility of Danish NATO membership and defining a more stable defense policy.

The Radical Party—a centrist party—had supported the parliamentary motion of the Socialist opposition parties in April demanding that captains of visiting NATO ships should individually guarantee that their vessels did not carry nuclear arms. It is official Danish defense policy that nuclear weapons may not be present on Danish territory in peacetime, and this has been accepted by NATO. But it is NATO policy neither to confirm nor deny whether individual vessels do carry such weapons, and all Danish Governments—socialist and non-socialist—and the NATO allies had always lived in the understanding that there would be no conflict between the two policies.

The leader of the Social Democratic Party, Svend Auken, did not initially want the confrontation with the NATO allies. He was trying to move the party to the right. In fact he promised the Prime Minister, Poul Schlüter, that his party would not support a left-wing motion to force the issue. But Auken was not able to deliver. He had to yield to left-wing hard liners in his own parliamentary group, prominent among them former Prime Minister Anker Joergensen.

After an unprecedented personal clash between Schlüter and Auken in parliament, elections were called. Denmark became world news, as a test case of NATO policies. Britain declared that reinforcements might not be available to Denmark in wartime if ships could not access Danish ports in peacetime, and the allies generally feared that the Danish example would be contagious and detrimental to the ongoing East-West disarmament negotiations.

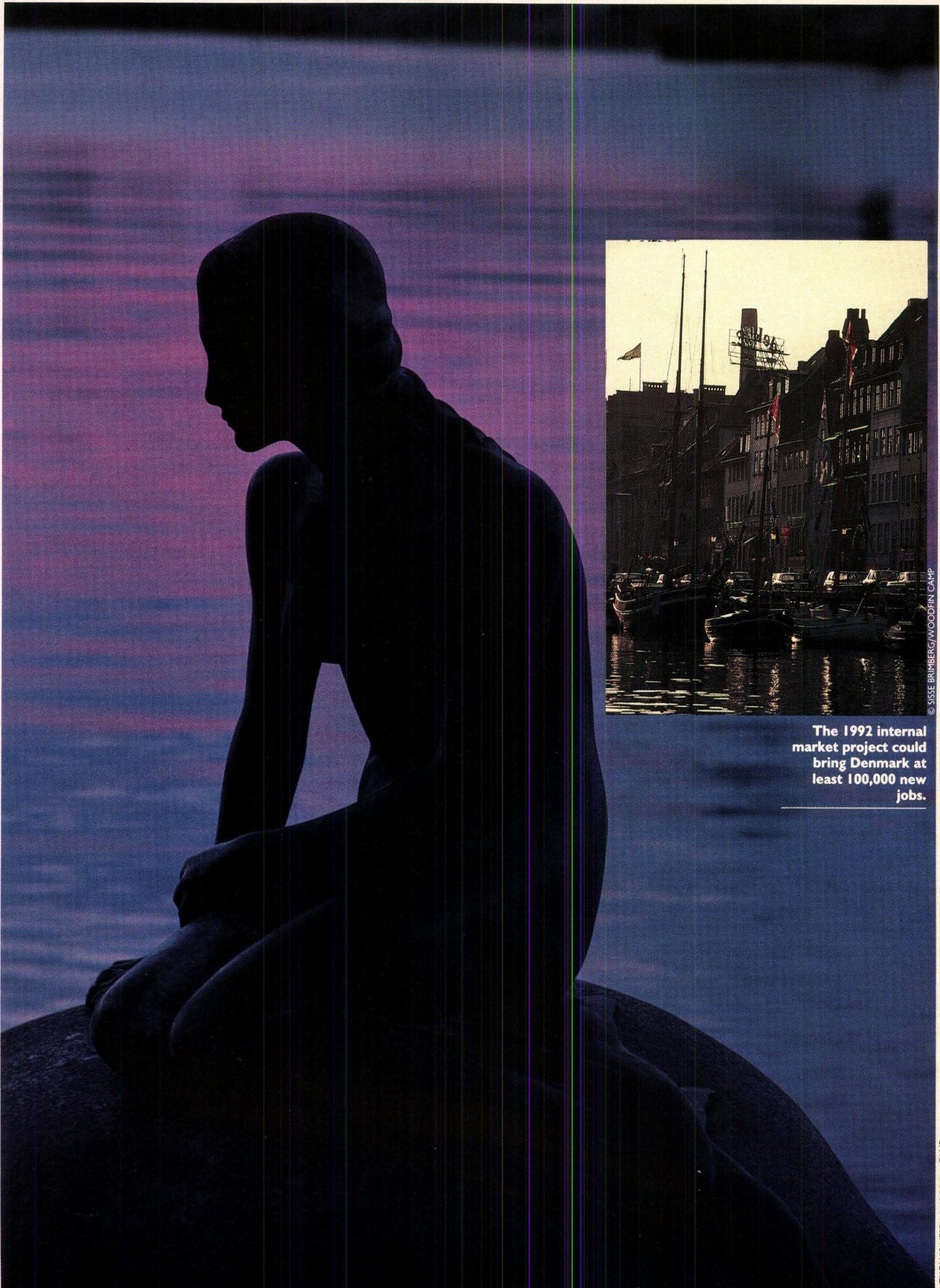
The election itself was a move to the right. The left-wing lost seven votes, but the great winner was the right-wing anti-tax and anti-refugee party founded by Mogens Glistrup, now led by the more charismatic Pia Kjaersgaard, dubbed the Danish "Iron Lady" by the Danish press. She almost doubled the party's representation to 16 of the 179 seats in the Danish Parliament. But the Government was one seat short of a majority for its NATO policy, hence no Government could be formed until the Radical Party with its 10 seats had chosen sides. The party wavered for more than three weeks, then redefined its NATO policy and accepted five posts in a new three-party Government led by Schlüter, a Conservative who has led all Governments since 1982.

There are signs that the Danes are tiring of the tortuous decision-making processes of the Danish multi-party system. Any party able to muster a number of voters' signatures equivalent to the average cost of one seat in parliament may participate in national elections. This is an easy barrier to overcome, and more than a dozen political parties are habitually on the ballot. Two percent of the total number of cast votes are needed to win seats in parliament, but 10 parties or more often pass this test. Though by U.S. standards the parties are homogeneous, internal divisions add to the problems, and minority Governments have been the rule, not the exception, in Danish politics.

At present, elections can be called any time, and Denmark has a world record in elections since 1945—19 in all—or on average every two years. This is hardly conducive to long-term policies. Some claim that another Danish world record—international indebtedness per capita—is a costly consequence of this fact. Be this as it may, there is now serious discussion of constitutional remedies.

The leader of the Radical Party and Minister of Economics in the new Gov-

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



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The 1992 internal market project could bring Denmark at least 100,000 new jobs.

© THOMAS NEBBIA/WOODFIN CAMP

ernment, the 49-year old lawyer Niels Helveg Petersen, has suggested that Parliaments be made indissoluble for three years, and that more referenda be permitted on the Swiss model. He believes that this will force politicians to work together to find solutions, and ensure that voters will be more directly involved in decision-making. Though not constitutionally binding, the Government successfully used a referendum to register a popular majority for the Single European

From left: Social Democratic Party leader Svend Auken, Prime Minister Poul Schlüter and former Prime Minister Anker Joergensen.

Act back in 1986, overcoming Social Democratic opposition toward this strengthening of the decision-making apparatus of the European Community.

Other members of the Government suggest a higher threshold for parties fighting for seats in Parliament—say 5 percent, as in the Federal Republic of Germany. This would drastically reduce the number of parties to be reckoned with. A constitutional commission will probably be set up to discuss more de-

tailed proposals. One problem is that constitutions are difficult to change. In Denmark, two Parliaments in a row have to vote "yes" to any changes, and at the end of the day a majority of voters, and no less than 45 percent of all registered voters, have to vote in favor in a referendum. The latter condition may be difficult to meet, because the smaller parties can hardly be expected to sign their own death sentence, and the present constitution barely got the nod in 1953. €

DENMARK LOOKS FORWARD TO 1992

The Danes are not the vanguard of European unity. The latest Eurobarometer poll of the whole population shows 49 percent of the people support the idea of a single Europe, the same as in the United Kingdom, and the lowest in the Community. The Italians' percentage was 75, the Dutch 72. There is less disparity in the views of business people on the positive effects of the single market, to be established by 1992. But only 50 percent of the Danes believe they will sell more, compared to an E.C. average of 59 percent.

Arguably, the two poll results should not be linked, as the Danish business community on the whole is far more pro-European than the population in general. And the more pessimistic view of the Danish opportunities may reflect a well founded fear that Danish business is not sufficiently competitive, that Danish corporations are too small to cross borders and too small to fight invaders.

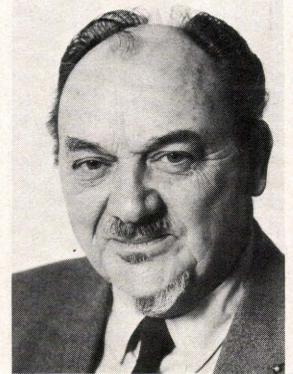
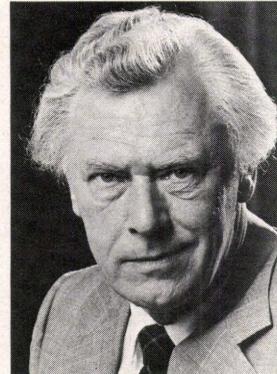
According to the Cecchini study commissioned by the E.C., the proportionate share of Denmark in the cumulative benefits of a single market will be more than \$5 billion and at least 100,000 new jobs, a lot in a country of only 5 million people. However, there is obviously no guarantee that Danish corporations will get the business. They will have to fight for it in the marketplace. The new Government hopes they will be successful, because that will be the backbone of Danish economic policy in the next four years.

The Danish Government hopes to create 150,000 new jobs in the private sector over the next four years, and at the

same time create such a large surplus on the Danish balance of trade that it will blot out rising interest payments on the Danish foreign debt and make the hitherto unthinkable happen, namely, that Denmark start to repay its foreign debt, paving the way for a lower interest rate and more economic freedom.

A prerequisite is an economic climate that allows businesses to grow. This sounds simple, but Denmark has a long way to go. Only 80 Danish industrial corporations employ more than 500 people, the vast majority are by consequence very small. Some Danish economists are happy about this fact, saying that Denmark would not survive a Volvo-size corporation without going broke. Many more would live with this risk for a long time, if there were some Volvo-size corporations that could go broke.

On average, more than half of Danish industrial production is exported, and there might seem to be a limit to how much more can be achieved. But the enormous foreign debt will force Denmark to keep the lid on private consumption for many years, making the Danish home market generally speaking a rather less than fascinating market. Growth rates in the private sector of the Danish economy have been negative for eight quarters running, with little sign of any light at the end of the tunnel. If the Government sticks to its ambitious policy of mastering the balance-of-payments deficit, a tight fiscal policy will be maintained, and any real expansion must focus on export markets—in short, the single market of 1992.

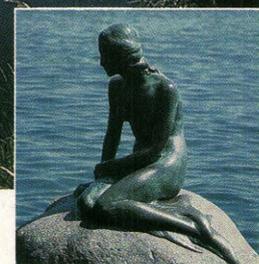


PHOTOS COURTESY ROYAL DANISH EMBASSY

Most major Danish corporations are now preparing for 1992, either planning or effecting more internationalization, or planning defenses against predators, national or international. In the financial sector, a large concentration of the many small institutions is expected, perhaps with a strong move toward financial supermarkets, that is, a breaking down of the existing Danish barriers between various types of banking, insurance, real estate and mortgage services. In the industrial sector, many hope that E.C. Commission predictions that the single market is of special significance to smaller companies will come true. But at the same time, there is a growing realization that bigger markets demand more marketing and production clout. Small is no longer necessarily beautiful in Denmark.

The Government actively promotes this attitude. In terms of the single market plan to harmonize indirect taxes by 1992, there is less enthusiasm. The new Government is not planning to do anything that is not forced upon it at pistol point. Total, immediate harmonization of tax policies would force the Government to find alternative revenues of perhaps \$6.5 billion or to cut public expenditure by that amount. That is not something any Danish politician would relish. Many Danish taxpayers are praying that it will happen sooner rather than later. The Danish Government is confidently waiting for the French and British to block any real harmonization in the immediate future—a dangerous strategy.—LEIF BECK FALLESEN €

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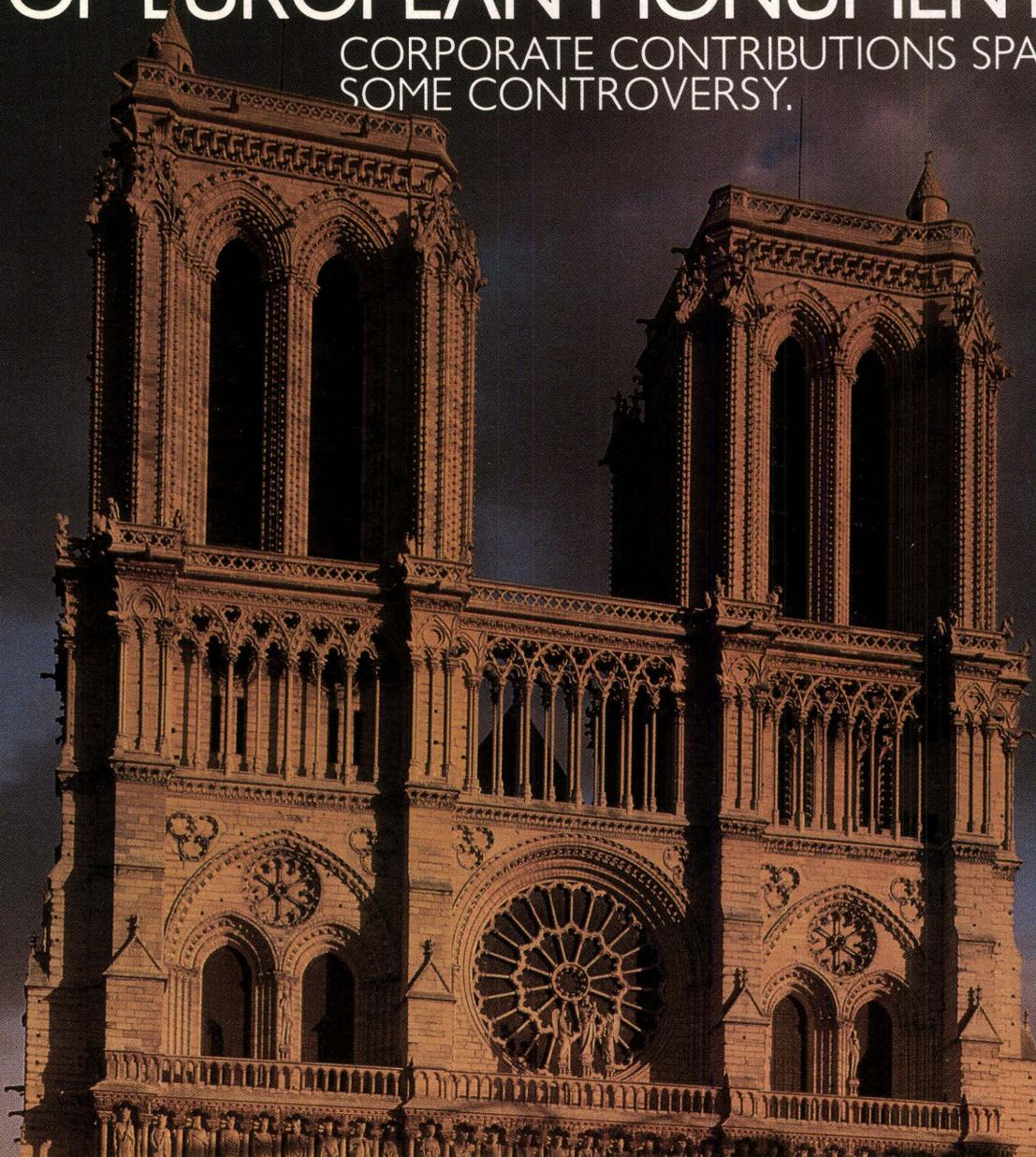
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U.S. FIRMS AID IN RESTORATION OF EUROPEAN MONUMENTS

CORPORATE CONTRIBUTIONS SPARK SOME CONTROVERSY.



Notre Dame Cathedral in Paris.

© ADAM WOOLFITT/WOODFIN CAMP

DAVID MORTON

No, the sky above Paris is not falling and no injuries have been reported. But from atop some of France's most revered monuments, stones and pieces of masonry—some reportedly weighing in at 10 pounds—have come crashing down. Notably at risk in the French capital are the Arc de Triomphe, the Notre Dame cathedral and the Panthéon, because they are slowly but surely crumbling.

The fallout has sent the French scrambling for donations to rescue one of the ailing structures from ruin in a campaign

that sparked a controversy over an American offer of financial aid and demonstrates certain changes that other European are witnessing, as they too strive to preserve their historical and architectural heritage.

Conservation experts note that tens of thousands of historical sites and monuments in Europe could do with an overhaul. But in these times of economic austerity, government funding has been hard to come by. Currently, statistics on the total costs of protecting Europe's historical treasures remain non-existent. But some officials have estimated that if governments increased their heritage

conservation budgets tenfold, multitudes of monuments would still rot. "Public finances are never sufficient," says Hans de Koster, president of Europa Nostra, a federation of more than 200 conservation groups across Europe. "I think that in the United Kingdom, in another five or six years, it may be that one out of every five houses or buildings will be listed as a monument and of course it's already a great burden to keep all those on the current list in good shape."

For more than two years, a huge metal netting, set to prevent chunks of sculp-

David Morton is a freelance writer based in Paris.

ture from falling on sightseers below, has girdled the arch of the renowned Arc de Triomphe. The 95-foot high monument, commissioned in 1806 by Napoleon Bonaparte and inaugurated 30 years later, was built to honor French victories of war. France's unknown soldier is entombed there.

The monument stands in the middle of Paris' busiest intersection, Charles de Gaulle Place, where 12 avenues converge. Architects first suspected the rumblings of the 80,000 vehicles said to drive around the Place daily, and the vibrations from the underground subway trains, as the causes of the Arc de Triomphe's increasing deterioration.

However, more recent studies pin the weakening of the monument's foundation on the accumulation of rain water and the erosion of its sculpture on air pollution and the natural aging of stone. Restorers are strengthening the Arc de Triomphe by bracing it laterally at the top, dumping tons of concrete into the foundation and water-proofing the base. Its exterior will then be cleaned, its broken stones replaced and its sculpture restored. The work is expected to last two years.

Last year, the French Government made public that it was considering an offer from American Express, which had pledged an undisclosed sum to help pay the estimated \$6-million restoration bill. The announcement caused some controversy and reopened a debate on the role of private enterprises that sponsor conservation efforts in Europe.

American patronage of European conservation projects is widespread. American Express has itself aided a number of causes, many of them in France, including a grant to Mont St.-Michel. Since 1925, the Rockefellers and a host of other U.S. industrialists and philanthropists have at one time or another contributed to restoration work at the Chateau of Versailles. IBM supported the restoration of the Bagatelle Chateau and the ramparts of Provins. Further examples of American aid abound from the north of England to Venice to Athens and elsewhere. In addition to company contributions, groups of individuals such as Friends of Vieilles Maisons Françaises, a private U.S. foundation, raise money for preservation projects in Europe.

In the end, then French Culture Minister François Léotard and former President Valéry Giscard d'Estaing last fall jointly announced the creation of the National Association for the Restoration of the Arc de Triomphe (NARAT), dually aimed at generating public interest in the program and raising money for the restoration work. NARAT accepted a contribu-

tion from American Express and the company was listed—alongside five French firms—as one of the association's "founding members." However, American Express dropped its "cause-related marketing program," which it had planned before the outbreak of the controversy.

Under the NARAT guidelines, the state is to pay 50 percent of the Arc de Triomphe restoration costs, corporate sponsors are limited to a contribution ceiling of about \$100,000, and the remaining donations are being sought from the public at large. So far, the NARAT campaign has raised nearly \$4 million, about \$90,000 of which has been collected from small, private donations. The drive should continue into the summer.

The Arc de Triomphe sponsorship trouble is apparently not an isolated case. The weekly French magazine *L'Express*, which has reported that stones as heavy as 10 pounds had fallen from atop the Panthéon, noted that American patrons had approached the French Government in the early 1980s with an offer to aid needed restoration work on the interior and exterior of the Notre Dame cathedral. The offer was "courteously" turned down, *L'Express* said, and the money to start the work is still lacking.

The rejection or reluctance to accept financial aid from U.S. companies or their European subsidiaries seems less steeped in anti-American sentiment than in the fact that corporate sponsors of the arts or of conservation projects is relatively new to much of Europe. Traditionally, support for the preservation of historic sites and monuments has come from the wealthy or privileged classes. The responsibility for a certain cultural treasure was often handed down along family lines as an agreement with the government for tax advantages. The benefactors almost always remained anonymous and the public was assured access. Today, many companies are not only looking for similar tax breaks, but they are also looking to enhance their images.

"Business management has become convinced that sponsorship is a good means of communication," says Anne-Sophie de Boulois, the information officer at Admical, an association of businesses that support the arts and heritage preservation. "It creates a more humane image of the company." But not everyone agrees. "Some people believe that company sponsorship of historical conservation projects or of the arts is a scandalous phenomenon," says Guy de Brébisson, a researcher for the Studies and Prospective Department (??) in Paris, who has studied and written extensively on preservation efforts and sponsorship. He says

critics of corporate donors maintain that commercial exploitation of projects backed by big business cheapens the value of the object.

This view is often associated with European political parties on the extreme left, such as the Communists, who oppose any private-sector support for culture. In Italy, corporate sponsorship, although actively practiced, has drawn cries of "dirty money." "But this attitude is changing," says de Boulois, who added that it was fashionable among many French artists to announce private-sector offers as "dirty" during the 1970s.

Brébisson traces the notion that sponsorship betrays the heritage of a 19th-century idea, "according to which art would be too pure and money too impure for it to be admitted in public that they needed each other . . ." "What is vitally important," he wrote in a recent article for a Council of Europe publication, "is to know how to accept money in support of culture without qualms as to its origin or the profit that the sponsor might be gaining from his gesture." But Brébisson adds that the new trend in Europe is toward more corporate sponsorship. "We're beginning to get used to it," he says. "It seems to be in vogue."

A number of meetings during the past two years seem to bear this out. In September 1986, professionals and officials from 18 European countries met at the University of York in England to discuss conservation problems and new funding schemes. One such scheme highlighted at the "York Colloquium" was the revolving funds plan, currently practiced in the United Kingdom and the Netherlands. The basic theory behind revolving funds is that an object once restored is sold outright. The short-term financing, sought to fund the work, is paid back and any profit from the sale goes into financing another project.

In November of the same year, SPONCOM, an international sponsoring, patronage and communications show, brought nearly 1,500 people from 15 countries to Cannes in France to debate the sponsorship controversy. Two days later, five business sponsorship associations, representing 600 firms from the United Kingdom, France, Belgium, the Federal Republic of Germany and the Netherlands, assembled for the first time in Brussels "to define a certain number of common objectives," according to a statement the groups released.

"More and more industries are sponsoring restoration and that is one of the things we're trying to promote," says de

Continued on page 52.

NEWS OF THE E.C.

AID AND DEVELOPMENT

GREATER ROLE FOR SHORT-TERM AID SEEN

European Community Development Ministers agreed in late May to put more emphasis on urgent short-term help for Third World countries struggling to implement economic reforms. They said the Community—which in the past has concentrated mostly on long-term projects—should do more for countries that were following painful belt-tightening programs to reform and streamline

their economies. "You can't have any successful long-term development policy unless you have the correct short-term conditions," said Hans Klein, Germany's Minister for Economic Cooperation.

An E.C. Commission spokesman said Community short-term aid would go to countries which were carrying out structural adjustments and which were seeing 30 percent or more of their export earnings swallowed by debt repayments. He said the E.C. would not restrict its aid to countries that were following economic programs that were laid down by the International Monetary Fund of the World Bank. That would mean E.C. short-term aid could go to countries such as Zambia, which have abandoned IMF measures.

The E.C.'s first major short-term aid program—a \$120 million scheme to help debt-ridden black African states pay for vital imports—was launched last year. The Community, which this autumn starts negotiations

with developing countries on a new trade and aid pact to replace the existing Lomé Convention, has said there could be more such programs in the future. Helping countries with balance-of-payments crises should be an integral part of the next Lomé accord, not "an add-on or an extra," said British Overseas Development Minister Christopher Patten. —*Reuters*

AGRICULTURE

E.C. STRENGTHENS HAND IN AGRICULTURE TRADE

The European Community strengthened its hand for a possible farm trade war with the United States on June 1 by including \$3.2 billion in its 1989 draft budget which could be used to subsidize food exports. "This doesn't mean that our policy will necessarily be more

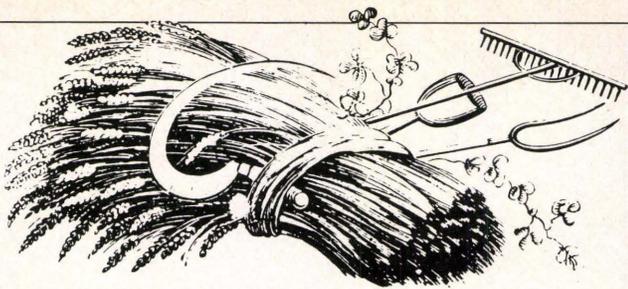
aggressive, but it will be easier for us to use the possibility," E.C. Commissioner Henning Christophersen told a news conference as he presented the budget. "We will have the same flexibility as other major exporters already have," he added. "And why not?"

The issue of agricultural subsidies has become the biggest source of trade friction between the E.C. and Washington in recent months, and a major item on the international economic agenda. The United States and the Community both spend tens of billions of dollars each year to subsidize farmers. The policy has led to huge stocks of unwanted food and subsidy wars which depress international prices and discourage Third World farmers from staying on the land. Washington has proposed eliminating all agricultural support by the end of the century, but the E.C. says this is unrealistic and reform should proceed gradually, with the emphasis on short-term stability.

In a separate move in June,

Countries of the European Community will be putting more emphasis on short term help for Third World countries facing severe economic difficulties.





the E.C. Commission attacked a U.S. move to pay farmers for leaving just ten percent of their land fallow instead of 27.5 percent. The so-called "set-aside" program under which these payments are made is aimed at cutting farm production, but E.C. officials fear the change will leave too much land under cultivation. "The American measures risk putting on an already heavily depressed world market between 10 and 12 million tons of extra wheat in the coming seasons," it said in a statement.

The E.C.'s draft budget for 1989 was published after Lord Plumb, President of the European Parliament, finally signed the 1988 budget and brought it into effect. The new budget has spending commitments of \$57.6 billion, almost six percent more than in 1988, and now starts the lengthy process of discussion and approval by Ministers from the 12 E.C. member states and the European Parliament. It includes big increases for spending on the poorest regions of the Community agreed at last February's E.C. summit.

The Community had been operating on an emergency financing system since the start of the year, because Heads of Government did not agree until then to increase national contributions to E.C. funds. The summit deal also included new tough curbs on farm spending, which takes up around 70 percent of the E.C. budget, as the Community guarantees its farmers prices well above those on world markets.

One of the summit decisions was that, in the future, the Community should value any new stocks of food at the real market price instead of the inflated price it paid the farmers. Under the old system, it was difficult for the Community to sell food from stocks because it

had to write off the difference between the "paper" value of the stocks and the price they actually fetched. If it had no funds left in the budget, it could not sell. Christophersen said the new budget included \$3.2 billion for immediate depreciation of new stocks, which would therefore be instantly available for sale inside or outside the Community.

The budget includes a further \$1.7 billion for a continuing five-year program to dispose of stocks built up before this year which had not been written off. E.C. officials said that although the stocks would be available in the event of a farm trade war with the United States or other exporters, it was not in the Community's interests to dump them on world markets. Dumping would drive prices down further and thus increase the amount the Community must spend on its farmers, they said.—*Simon Alterman, Reuters*

SOCIAL ISSUES

E.C. MINISTERS PROBE VISA, ASYLUM POLICIES

European Community immigration ministers made good progress on June 3 on common visa and asylum policies to secure Community borders before the E.C. abolishes its internal barriers in 1992, E.C. officials said. The E.C.'s Trevi Group of interior and justice ministers also met to coordinate the Community's fight against terrorism, the drug trade and organized crime. A spokesman for current E.C. president Germany said that the immigration ministers hoped that guidelines could be agreed in the second half of

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"When frontier controls are reduced in 1992 with establishment of the internal market, external controls must be strengthened," said Eckhart Schiffer, a Bonn Interior Ministry official, after the ministers ended their morning meeting. "We have made visible progress on this here today," he told reporters, adding that ministers also discussed illegal immigration. He said an E.C.-wide law on political asylum and on which non-member countries would require visas was not possible in the medium term.

Bonn officials said Germany, which has what they called the most liberal asylum and visa laws of the E.C. states, would press the other members to adopt its standards. They denied that other countries, notably Britain, were opposed to easing border controls between E.C. nations. On June 4, German Interior Minister Friedrich Zimmermann and representatives of Greece and Denmark discussed cooperation against terrorism and drugs in Munich in separate meetings with ministers from seven non-E.C. states.

BUSINESS & ECONOMICS

GERMAN BREWERS TO FIGHT E.C. BEER PROPOSALS

German brewers said on June 8 that they would fight proposals to harmonize beer taxes in the

FOREIGN AFFAIRS

EFTA PARLIAMENTARIANS URGE COOPERATION WITH E.C.

Parliamentarians from the six European Free Trade Area (EFTA) countries said in late May that the group should adopt a more coordinated strategy as the European Community approached its goal of a complete market by 1992. In a resolution at the end of annual three-day talks, the 30 parliamentarians from Austria, Finland, Iceland, Norway, Sweden and Switzerland said that as integration moved ahead within the E.C., initiatives from the EFTA countries were needed.

The resolution invited their

governments "to strengthen the cohesion of EFTA in order to encourage a closer cooperation with the European Community," and a communique added, "At present the E.C. is giving priority to the completion of its internal market. Hence the internal cohesion of EFTA is all the more necessary."

The parliamentarians called for intensified contacts with the European Parliament, student exchanges, joint research and development and environmental measures.—Reuters

European Community because they would lead to higher prices for the country's national drink. "In earlier days, people would have been up in arms about such proposals," Dieter Soltmann, president of the West German Brewers Association, told reporters.

He recalled that in 1848 two people died in riots in Munich protesting against increases in the beer tax. "We reject these proposals totally," he said, adding that they would lead to a 145 percent increase in the German beer tax and add up to

12 pfennigs (seven cents) to the price of a half-liter bottle of beer. The Bundesrat, the upper house of parliament, had also protested against the European Community's proposals, he noted.

West German brewers are still smarting after last year's ruling by the European Court that the country's beer purity law, laid down in 1516 by Duke Wilhelm of Bavaria, breached the E.C.'s rules of free competition. The 'Reinheitsgebot' law stated that beer could only contain water, malt, hops and yeast. But the European Court decided that this law prevented the sale of foreign beers containing chemicals and additives in West Germany.—Reuters

E.C. TAKES ACTION ON AIR TRANSPORT

The E.C. Commission began legal action on June 2

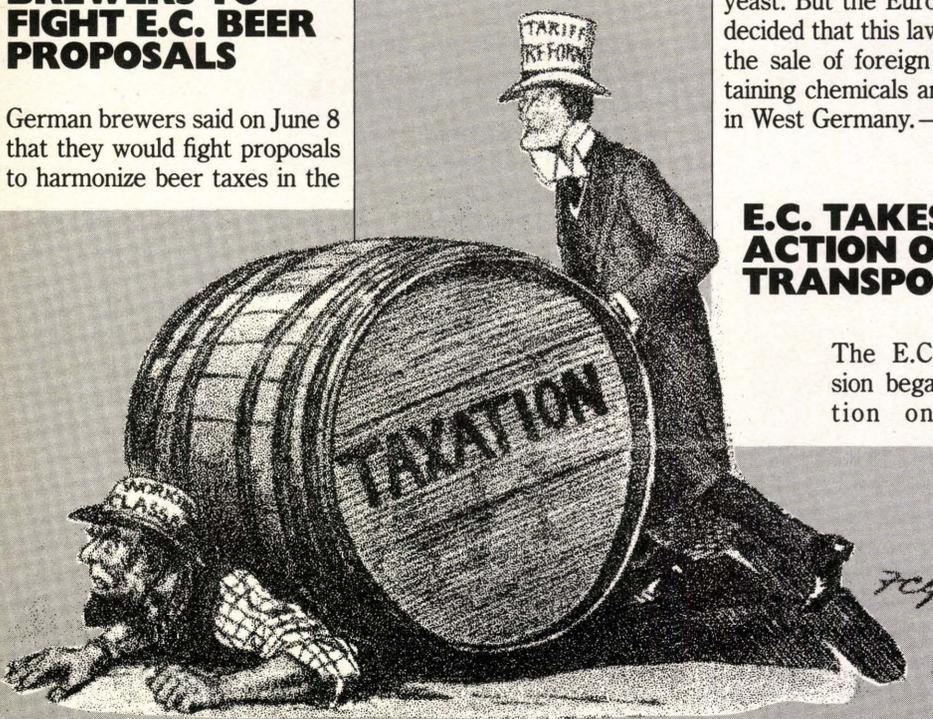
against France and Italy for restricting air transport within the European Community. The announcement coincided with the publication of the 17th annual report on competition policy by the Commission.

Commissioner Peter Sutherland, who is responsible for E.C. competition policy, said the E.C.'s drive to create a genuine common market by the end of 1992—which has given rise to a spate of international mergers—made strict competition rules more important than ever. "I don't think that rationalization, restructuring and economies of scale are incompatible with competition," he said at a news conference held to present the report. "We have to ensure that competition remains to act as a spur to the development of industry within the Community," he added.

Sutherland also appealed to the 12 E.C. governments to commit themselves to giving the Commission the power to authorize or reject major company mergers with implications for competition within the Community. That proposal has been under discussion for 14 years, and a new version, taking into account objections from Britain and France, was submitted by Sutherland recently. At present, the Commission can order changes in a merger only once it has taken place if it distorts competition. "It is quite absurd to think that we could continue a situation where separate national controls, coming perhaps to different conclusions about the same merger, apply across the Community," he said. "And it is ludicrous that afterwards, the Commission can then examine the merger and intervene," he added.

Sutherland said that about 220 E.C. mergers each year involved a combined turnover of some \$1.25 billion - the proposed threshold for a merger to be referred to the Commission for prior approval. Of those, he said about 100 had a Community-wide dimension and would therefore require investigation.

Air transport is one area which is exempt from Community competition rules, because





Commissioner Peter Sutherland, who is responsible for competition policy, wants strict rules on air transport.

E.C. Governments agreed measures to liberalize the highly regulated industry that came into effect at the start of this year. The Commission said in a statement, however, that Italy had broken the new rules by refusing to authorize a flight by the Irish airline Aer Lingus between Dublin and Milan with a stopover in Manchester to disembark and take on passengers. Some of the new rules do not apply to Milan because its facilities are not good enough, but the Commission said Italy was obliged to accept the new flight since it would replace an existing Manchester-Milan service.

The action against France concerns an incident last August when it refused to allow a charter plane from Brussels operated by the Belgian company Sobelair to land in the French Antilles, because more than 20 percent of its passengers were French. Sobelair is the charter arm of the Belgian national carrier Sabena. The Commission said the decision broke E.C. rules on freedom of movement, and discriminated against the charter company. —*Simon Alterman, Reuters*

E.C. PLEDGES TO STOP GROWTH IN PIRATE RECORDINGS

Digital technology has spawned an explosive growth in illegal recordings, and electronics firms must now seek ways to curb the piracy, the European Community said in June. E.C. Commission officials, presenting a Green Paper on copyright law, pledged new moves to protect authors and performers against illegal copying of their work. They said digital recording was a key problem area, where modern techniques enable consumers to produce home copies as good as the original studio master tapes.

"We acknowledge you can make hundreds of copies of anything with digital technology," a Commission spokesman said. "We are urging industry to get their act together and come up with something that's viable." The officials said the problem could only be solved if electronics producers came up with spoiling devices to limit the scope of digital copying. "There's very good hope of acceptable solutions in the near

future," one official said.

The Green Paper says it is hard to quantify how much money performers lose through illegal home copying of video or audio material, especially since the 'pirates' often have bought the works they reproduce, but commercial piracy accounts for about \$1.2 billion of the world sound recording industry's annual turnover of \$14 billion, it estimates. The paper calls for more international cooperation against piracy, which it says should be treated as a criminal offence.

The E.C. also looks at copyright law in areas like computer software, data bases, microcircuits and biotechnology, and calls on interested parties to help it draft new legislation. The Commission does not go so far as to recommend E.C. member states introduce levies on blank cassettes to compensate artists for illegal copying, but leaves governments free to do so if they wish. France and Germany have already introduced such levies.

The Commission said its Green Paper was first step towards legislation which will harmonize copyright law in member states ahead of 1992, the E.C.'s target date for scrapping internal trade barriers. "Copyright legislation is undergoing a rapid and sometimes difficult transition period as we struggle to adapt concepts devised in the age of the messenger on horseback to the age of electronic transmission," said Lord Cockfield, the Commissioner responsible for the internal market. "The challenge before us is to devise a new copyright framework which will accommodate and maximize these advances in technology," he added in a statement on the Green Paper. —*Mark Trevelyan, Reuters*

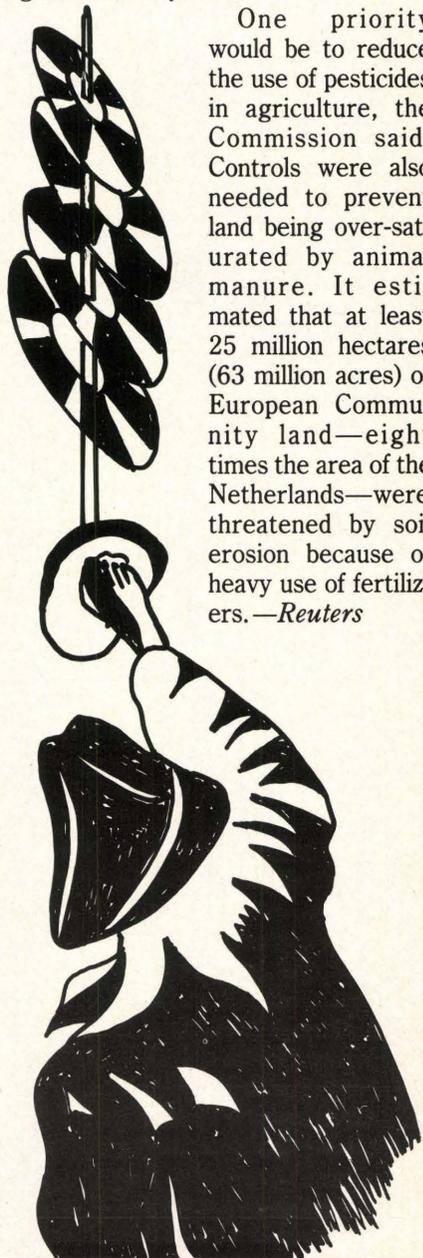
ENVIRONMENT

FARMS SOURCE OF POLLUTION, SAYS E.C.

Intensive modern farming methods are polluting Europe's rivers and seas, eroding huge areas of fertile land and posing a serious threat to wildlife, the European Community said in early June.

The E.C. Commission said marine life was being destroyed by a spectacular growth of algae in the North Sea, partly cause by the flow of manmade products like nitrates and phosphates. It promised new proposals before the end of the year aimed at protecting the countryside.

One priority would be to reduce the use of pesticides in agriculture, the Commission said. Controls were also needed to prevent land being over-saturated by animal manure. It estimated that at least 25 million hectares (63 million acres) of European Community land—eight times the area of the Netherlands—were threatened by soil erosion because of heavy use of fertilizers. —*Reuters*



EXTERNAL TRADE

E.C. PLANS AERONAUTICS RESEARCH DRIVE TO FIGHT U.S. COMPETITION

The European Community announced in June plans for a major research drive in aviation technology to fight strong foreign competition, particularly from the United States. Commissioner Karl-Heinz Narjes, who is responsible for industrial policy, said the program, covering both civil and military aviation technology, would begin in earnest in 1990 after a two-

year pilot phase for which some \$72 million has been allocated.

"From the point of view of research and development, we are taking initiatives to revitalize transnational structures . . . These industries must learn to cross national barriers," Narjes told a press conference. He added that there could be spin-offs under the program for Airbus Industrie, the four-nation consortium comprising British Aerospace Plc, Aerospatiale of France, Casa of Spain and Messerschmitt-Boelkow-Blohm GmbH of Germany.

But Narjes said there was no question of unfair subsidies to Airbus under the program. Subsidies paid to Airbus in the past have led to a bruising row with

the United States, which says they distort competition and damage its own manufacturers.

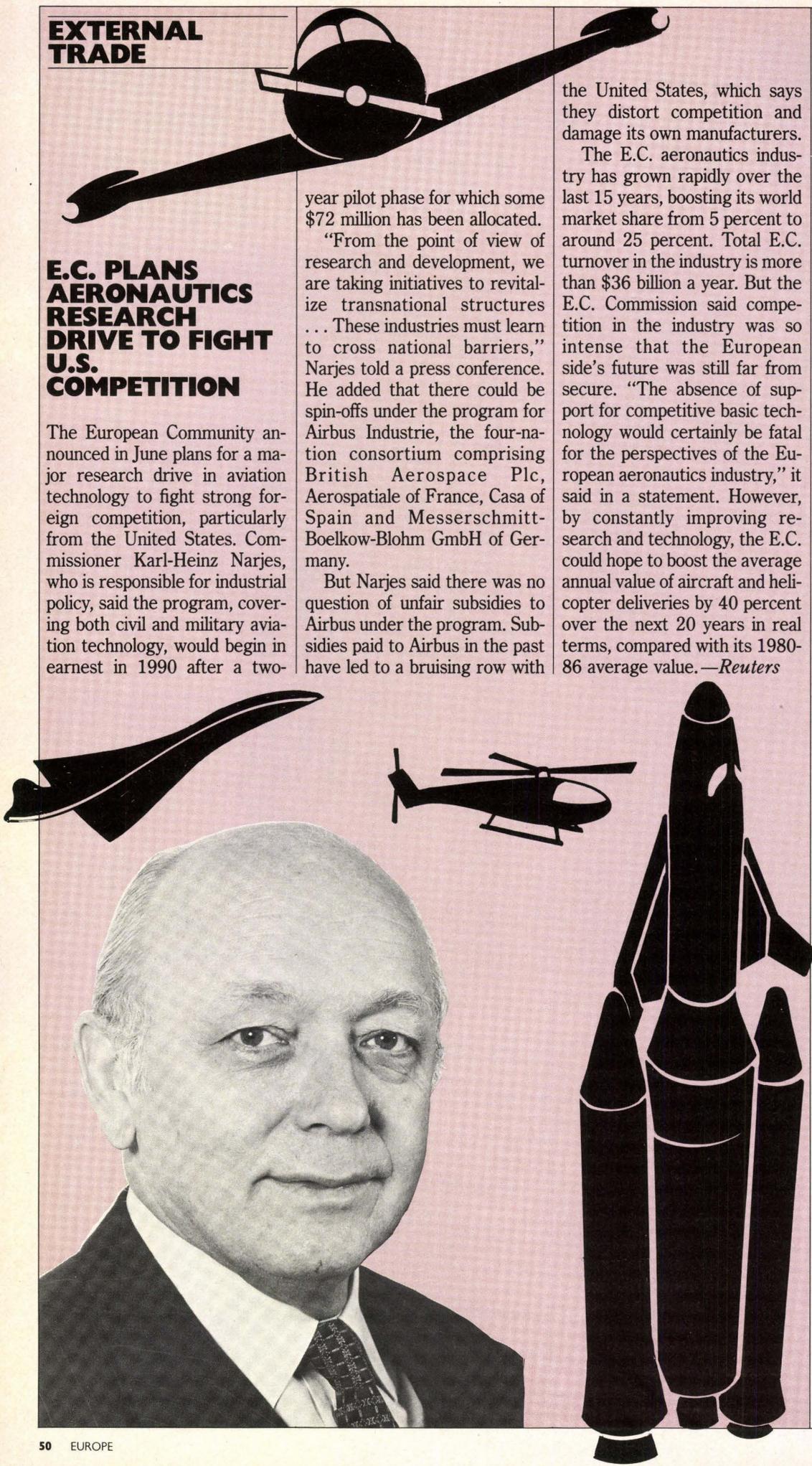
The E.C. aeronautics industry has grown rapidly over the last 15 years, boosting its world market share from 5 percent to around 25 percent. Total E.C. turnover in the industry is more than \$36 billion a year. But the E.C. Commission said competition in the industry was so intense that the European side's future was still far from secure. "The absence of support for competitive basic technology would certainly be fatal for the perspectives of the European aeronautics industry," it said in a statement. However, by constantly improving research and technology, the E.C. could hope to boost the average annual value of aircraft and helicopter deliveries by 40 percent over the next 20 years in real terms, compared with its 1980-86 average value.—Reuters

JAPAN URGES E.C. NOT TO CLOSE MARKET AFTER 1992

Japanese Prime Minister Noboru Takeshita, holding out the prospect of further falls in Tokyo's huge foreign trade surplus, urged the European Community on June 7 not to shut out non-E.C. firms when it unifies its disparate markets in 1992. At talks lasting almost three hours, Takeshita and E.C. Commission president Jacques Delors agreed that relations between the 12-nation Community and Japan should be strengthened and cooperation expanded, E.C. and Japanese officials said.

Both sides consider that their bilateral ties so far have been the weakest link in the U.S.-Japan-E.C. triangle of relations, and Takeshita has stressed that he wants Tokyo's links with Brussels to be as strong as those with Washington in the future. A Commission spokesman said that Willy De Clercq, the E.C. Commissioner responsible for external relations, expressed satisfaction at the meeting over a 4.2 percent fall in Japan's trade surplus with the Community last year, the first since 1979. But De Clercq underlined that, at \$25 billion, the E.C.'s deficit remained huge and that its trade relations with Tokyo continued to be dogged by problems in specific sectors.

A Japanese Foreign Ministry spokesman said Takeshita stressed that both sides had to make efforts to improve trade ties and that Japan's latest five-year economic plan foresaw a diminishing role for exports in Japan's growth as well as more imports. Takeshita also raised concern about the implications for Japan of the Community's plan to create a genuine common market free of trade barriers by the end of 1992, and called for the bloc to lift restrictions on imports of Japanese cars by then. "He stressed that when the E.C. has a unified market, that market should be open to the outside world, spokesman Yoshifumi Matsuda



said.

Matsuda said that Takeshita's remark reflected feeling in Japan that the removal of barriers to internal E.C. trade could be accompanied by moves to keep out imports from non-E.C. members. Those concerns are shared by the E.C.'s other major trading partners, notably the United States and the six-member European Free Trade Association (EFTA).

The Commission has been at pains to dispel fears that the E.C. will adopt a "Fortress Europe" mentality after 1992. A Commission spokesman said De Clercq had underlined that the fact that Japanese exporters would have access to a huge single market of 320 million consumers made it all the more necessary to correct the current imbalance in E.C.-Japan trade. De Clercq said the Commission had calculated that the E.C.'s exports to Japan had to increase at least two-and-a-half times as fast as its imports if bilateral trade was to move significantly nearer balance.
Tony Carritt, Reuters.

E.C. ACTS AGAINST JAPANESE DUMPING OF COMPUTER PRINTERS

The European Community imposed special import duties of up to 33.4 percent on Japanese computer printers on May 26, saying they were being dumped at unfairly low prices on E.C. markets. The Commission said in a statement that a year-long investigation had shown that 14 Japanese companies, among them some of the biggest names in the electronics industry, sold printers cheaper than they did at home, or at prices below the cost of production. "There was manifestly damage to Community producers, a Commission spokeswoman said.

The statement added that the Commission also took into consideration the importance of computer printers as an integral part of the European information technology industry. The European Community, angered by Japan's enormous

trade surplus and the difficulties European exporters face in penetrating Japanese markets, has reacted vigorously to cases of dumping, especially in the sensitive electronics industry.

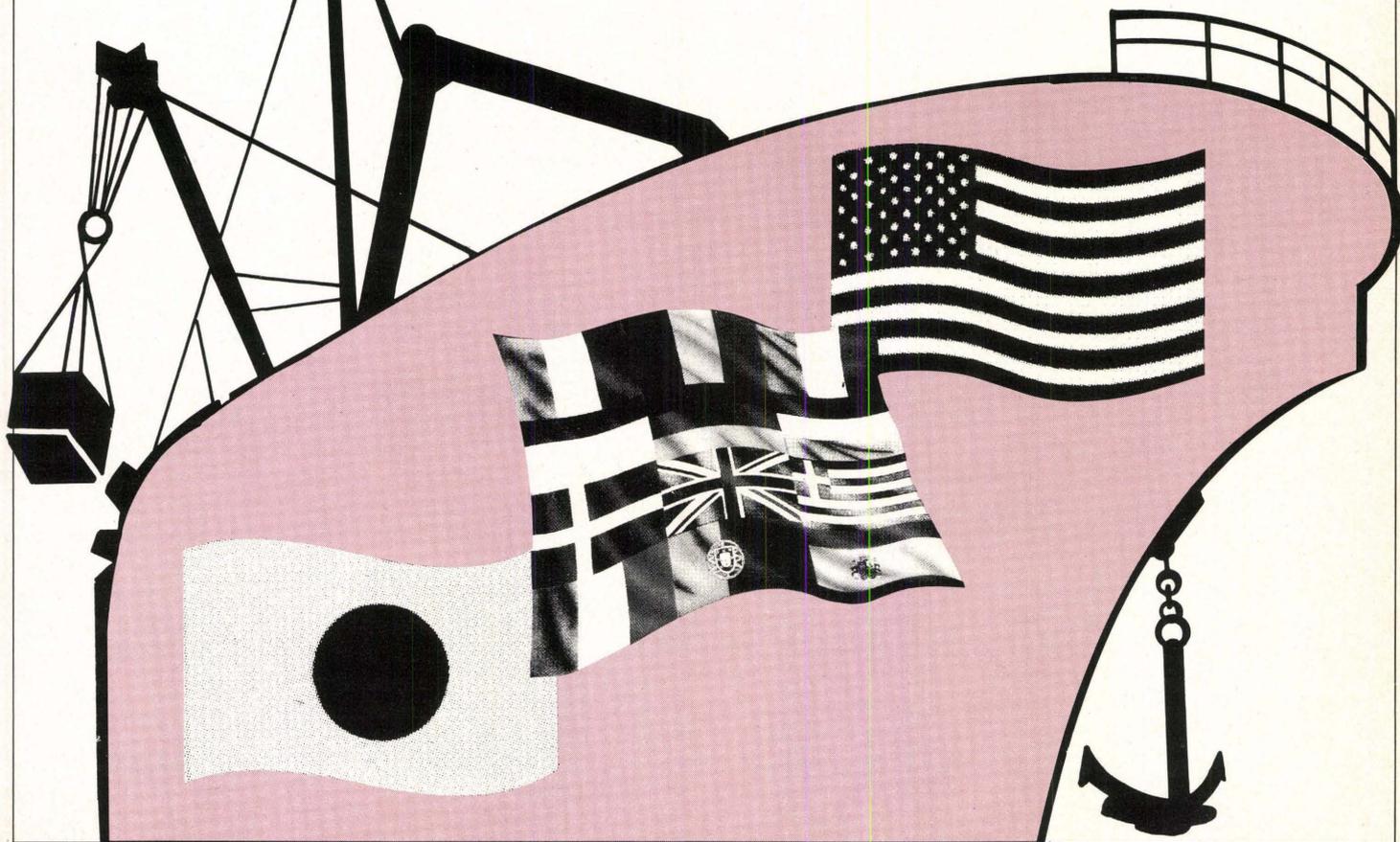
The Commission statement said Japanese exports of computer printers to the Community were worth about \$1.3 billion in 1987. Between 1983 and 1986, the number of Japanese printers sold in the E.C. each year quadrupled to over 1.5 million units, and Japan's share of the market rose from 49 percent to 73 percent. At the same time, E.C. exports to Japan dropped from a mere 1,040 machines to zero.

The Commission said cheap Japanese competition had prevented European manufacturers from making the necessary investments in research and development and had denied them the economies of scale needed to maintain their competitive position. "To eliminate the prejudice, Community manufacturers should be allowed to increase their prices substantially, which should allow them to cover production costs and obtain a satisfactory profit mar-

gin," the statement said.

The Commission investigation followed a complaint in March 1987 by the four remaining European producers: Honeywell Information Systems of Italy, Mannesmann Tally of Germany, Olivetti of Italy and Philips Industrie AG of Germany. It found that the margin of dumping varied from 4.8 percent to 86 percent, but decided to impose a maximum special import duty of 33.4 percent for the six worst offenders: Brother Industries Ltd., Citizen Watch Co. Ltd., Fujitsu Ltd., NEC Corp., Seiko Epson Corp. and Seikosha Co. Ltd.

In a separate announcement, the Commission confirmed that it had agreed to refund \$5.6 million to the Japanese ball-bearing manufacturer Minebea Co. Ltd. for anti-dumping duties which had been levied in 1985 and 1986. The Commission spokeswoman said the company had shown that it raised prices and stopped dumping in 1985 after the duties were imposed in 1984. "This shows that we apply the rules carefully and are prepared to go back on our decisions," she said.—*Reuters*



RESTORATION

Continued from page 45.

Koster of Europa Nostra, itself teamed up with American Express two years ago to bolster its annual awards program for heritage protection. The London-based organization helps yearly to fund about 35 projects on the Continent.

But if sponsorship by the business community has brought about controversy, it also has brought about innovation, namely in technology. Companies have not only donated money, but high-tech equipment and expertise as well to assist artists, historians and archaeologists in their restoration work. "We try to choose projects where we can put our technology to use," says a spokesman at IBM Europe.

In Rome, the huge computer firm has aided the restoration of three paintings: the *Annunciation* by Giovanni Muru, a 16th-century Sardinian painter; a *Madonna*, found near Florence and attributed to Giotto; and Cimabue's *Crucifix*, which was seriously damaged during a flood in Florence. To help the restorers, IBM developed programs that can digitally simulate the colors used in the tableaux.

In Naples, the Italian automaker Fiat and IBM are jointly sponsoring the "Neapolis Project" to map Pompeii, the ancient southern Italian city that was

destroyed by an eruption of Mount Vesuvius in 79 A.D. Scientists are using computers to draw up different types of thematic maps, such as seismic risk maps and three-dimensional pictures of ancient Pompeii homes.

In Madrid, scanners, digital cameras and computers are being used to read and process the Indes Archive of Seville. The famous archives contain 80 million handwritten pages and 7,000 maps relating to the discovery of America and date back to the 15th century. The six-year project, backed by the Spanish Culture Ministry, the Ramon Areces Foundation and IBM, promises to compile only 10 percent of the enormous information—that most demanded by historians—despite the obvious advantages of employing equipment capable of deciphering longhand in Spanish.

The European Community also has been actively patronizing conservation programs. Four years ago, the E.C. launched its "pilot projects" program, whereby 12 historic sites or monuments are given awards annually. The main criteria for the warding of monies are that the monuments must be of European significance, accessible to the public and that the conservation work be co-financed by a public authority. So far, the program has spent 2.3 million European Currency

Units (ECU) to aid 48 projects, including the world's first train depot, Temple Meads Station in Bristol, England; and 18th-century choirhouse, the Sostrekorhuset, in the Moravian township of Denmark; an in Echternach in Luxembourg, the Schwarzqucht, a Roman palace discovered in 1976 and considered one of the most important Roman sites in northern Europe.

In view of its outstanding importance, the E.C. also provides an annual 500,000-ECU grant for the massive undertaking to restore the Parthenon and the Acropolis in Athens, Greece. The work, which was started at the beginning of the decade, is expected to take 10 years to 12 years.

But, as was noted in a 1982 report to the European Parliament, that "100 Community budgets devoted solely to the restoration and protection of architectural assets would not be enough," the E.C. has more recently begun to encourage business sponsorship. "We recognize that European cultural activities . . . benefit from support from both the public and the private sectors," states a resolution drafted by the E.C.'s Cultural Affairs Ministers. ". . . This support, which reinforces plurality of financial forces . . . is the best guarantee for safeguarding and developing the heritage and cultural activities in general." €

TORONTO SUMMIT

Continued from page 15.

portant diplomatically."

There are other reasons. The Commission has had competence over matters of trade and agriculture for years now, but the other major nations appear increasingly inclined to accept that competence. Henry Kissinger, when Secretary of State, openly disdained the E.C. bureaucracy in Brussels and went to Paris or Bonn when he wanted to get something done. Would Clayton Yeutter, the U.S. Trade Representative, do the same now? "I don't know," said an American official, "but I don't think he could get much done these days without calling Brussels."

Personality counts. Delors, although low-key, is well known and respected in international councils. He has attended as many summits as Reagan—four as French Finance Minister and four as the Commission President—and probably knows more about the issues at hand than any other leader around the top table. As one British delegate put it, "Delors was a fairly formidable French politician before he came to the Commission, and he brings that aura with him."

Moreover, Delors can be counted on

for a good quote when the occasion arises, guaranteeing a paragraph in summit stories. Complaining about an Administration that simultaneously increases farm stocks and lobbies for lower subsidies, the European leader said, "Those Americans are behaving like those children, who, when they misbehave, tell their parents, 'I'll be good in two years, but for now, forgive me.'"

If the public perception of the E.C. is to change, it is the E.C.'s responsiveness to the press that will do it. As the Delors quote indicates, the E.C.'s posture at the summit was a step in this direction. Delors brought two Commissioners with him, Willy De Clercq and Peter M. Schmidhuber. De Clercq, a former Belgian Finance Minister and chairman of the International Monetary Fund's Interim Committee, not only matches Delors' experience in world councils. He also is a veteran politician with a witty, worldly matter that goes down well with journalists: In short, he speaks their language. In an era in which so many ministers and spokesmen are terrified of putting a foot wrong, this kind of openness and rapport ensures that the E.C.'s point of view got across.

This sense of press relations cannot be overestimated. In sheer power, Britain

has long since fallen behind Germany, France and maybe even Italy. But British spokesmen remain supreme in their field. Their briefings are the best, so everyone goes to them and the British position gets an attention out of proportion to the nation's sheer clout. It is a lesson that the E.C. seems to have learned. (Another factor is that, as much as the French deplore it, English is the *lingua franca* of summit meetings. E.C. briefings mostly were in English and drew a crowd of monoglot English-speaking journalists for whom the French, German and Italian briefings were Greek.)

By 1992, the E.C. should be one unified market with a commercial power that outstrips America and Japan. Will it then become *primus inter pares* at summits? This is unlikely. No matter how potent economically they become, Delors and his successors still will be appointed officials without the political constituency and power that comes with an elected office. But the day is in sight when the E.C. President will be all too recognizable at international meetings. €

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The Senate intelli
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affair. The 7-6 vote in
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to wait until new selec
their inquiries. (Story c

Emergency workers i
so people
were killed and 176 injures when an Amtrak
passenger train collided with Conrail freight
locomotives. Federal investigators, saying it
was too early to determine the cause, intensi
fied their probe of the accident, focusing
on possible human error or equipment failu
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centuries ago, but now it is arguably the
game of the world's elite.
The domain of racquets once was as
wide as the British Empire. But now the
game is so obscure that it is played by only
200 or so in North America and by an addi
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private clubs. The secret formula for con
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Europe periodically lists books dealing with Community and Atlantic topics. Prices are also given when known. This presentation does not indicate approval or recommendations of these publications, which can be purchased or ordered from most booksellers.

The International Markets for Meat 1987/88. GATT, Geneva, 1988. 100 pp. SF 12.00.

This document, the eighth annual report concerning the world markets for meat, covers the situation in the market for bovine animals and meat principally for the year 1987, containing estimates for the year as well as forecasts for 1988. To the extent permitted by the data available, it gives information mainly on cattle numbers, slaughter levels, production, prices, imports, consumption and exports of bovine animals and meat. It also provides short summaries of the situation and outlook in the pig, poultry and shepmeat markets.

Business Guide to E.C. Institutions. American Chamber of Commerce, Belgium. Brussels, 1987. 80 pp. BF 1,000.

This publication is intended to present an overview of a selected group of legislative and other policy initiatives within the European Community. In addition to providing background information about each initiative, the publication offers a description of the initiative's prospects and the implications for the business community operating in the E.C.

Economic Adjustment: Policies and Problems. Edited by Sir Frank Holmes. IMF. Washington, D.C. 1987. 281 pp. \$16.00.

This volume contains papers from a seminar that the IMF cosponsored with the Reserve Bank and Treasury of New Zealand in Wellington in February 1986. The papers submitted at this seminar stimulated constructive discussion on the policy options compelled to undergo economic adjustment and on the problems that adjustment brings.

The EEC: A Guide to the Maze. By Stanley A. Budd. 2nd Edition. Kogan Page, London, 1987. 254 pp.

This book first describes the E.C.'s organization and functions and traces its continuing development in various sectors. It explains what the Community is, how it works, and the ways in which decisions are made and influenced. All the major policies are summarized, including employment, energy, transport, the budget and consumer affairs. The book also includes an appendix which shows how to get detailed information on all aspects of the Community and discusses new policies such as the Single European Act and the White Paper on the Internal Market.

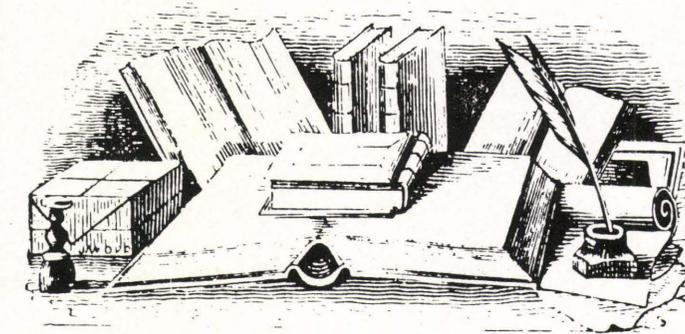
Law and Institutions of the European Communities. By D. Lasok and J.W. Bridge. 4th Edition. Butterworths, London, 1987. 513 pp.

This book, arranged in four sections, provides detailed coverage of the historical background, institutions, structure, and general principles of law of the European Communities. The relationship between Community law and the law of the member states is fully discussed. This fourth edition takes account of all the major developments in E.C. legislation since 1982. The text has been fully up-

dated, and the chapters on economic law have been enlarged.

European Communities Oil and Gas Technological Development Projects: Third Status Report. By R. De Bauw, et al. London, 1987. 382 pp. \$83.00.

This report shows the achievements of the Community programme (Regulations 3056/73 and 3639/85) assisting the oil industry to develop new technologies required for exploiting oil and gas resources outside and inside the Community territories. It gives evidence of the high technical level which has already been attained by the companies in the oil and gas sector with the support of the Community.



The European Community and the Management of International Co-operation. By Leon Hurwitz. Greenwood Press, New York, 1987. 267 pp.

This book discusses the European Community's experience in the international management of cooperation. Part I presents a brief overview of the historical background of the European Community and also offers some comments on the organization's early years. Part II describes the Community's institutional framework. Part III examines some of the management tasks assigned to the E.C. The final Part IV concludes with a review of the quality and progress of the E.C. thus far.

The Dynamics of European Union. By Roy Price. Croom Helm, London, 1987. 300 pp.

This study analyzes and assesses the European Community's latest attempt to achieve European union, culminating in the Single European Act of December 1985. The opening chapter sets out an analytical framework focussed on the propulsive elites seeking "an ever closer union," the obstacles in their way, and the strategies they have used to overcome them. Successive phases of the search are examined in detail to illustrate the factors which have proved critical for

success or failure. The study, to which scholars and practitioners from several Community countries have contributed, concludes with an analysis of current prospects for closer union and a suggested strategy for the future.

Bringing Jobs to People: Employment Promotion at Regional and Local Levels. Edited by Jean Mayer. International Labor Office, Geneva, 1988. 211 pp. \$17.50.

This volume is a collection of articles which have appeared in the *International Labor Review* in recent years concerning the problem of unbalanced development. In 1969 the International Labor Organization launched the World Employment Programme (WEP) as its contribution to the United Nations International Development Strategy. In 1976 the World Employment Conference was held, where employment was a priority in development strategy. This book is the outcome of a WEP project and deals with the critical problem of the uneven distri-

tries with varying concerns, priorities, and perspectives. The countries treated in the book include France, Greece, Italy, Portugal, Spain, and Turkey.

Foreign Intelligence Organizations. By Jeffrey T. Richelson. Baling, Cambridge, 1988. 330 pp. \$39.95 cloth/\$16.95 paper.

This book is the third in a trilogy of intelligence books by this author. It covers the structure and operations, as well as the performance in an actual mission, of the intelligence operations of eight nations, including the United Kingdom, Canada, Italy, The Federal Republic of Germany, France, Israel, Japan, and China. Richelson outlines the different styles, capabilities and targets of the various operations, as well as how they work with or against U.S. intelligence strategies. Along with the volumes on U.S. and Soviet intelligence operations, this final work presents a complete picture of worldwide intelligence gathering.

Bilateralism, Multilateralism and Canada in U.S. Trade Policy. (A Council on Foreign Relations Book) Edited by William Diebold, Jr. Ballinger, Cambridge, 1988. 224 pp. \$16.95.

In this book, five experts from the U.S., Canada and Mexico examine the key issues raised by the free trade area agreement reached between the U.S. and Canada during the current Uruguay Round of multilateral trade negotiations. The historic agreement represented a departure in policy for both of the world's two largest trading partners. Among the issues discussed are why Canada took a bilateral initiative rather than the traditionally preferred multilateral approach, the effects of the agreement on U.S. and Canadian bilateral trade relations with third countries, especially Mexico, and how the agreement may prove to be either a detriment to or a catalyst in the world trading system. The book concludes with recommendations for future U.S. trade policy and also for the Uruguay Round.

Candidates for Europe. By Martin Holland. Gower, Brookfield, 1986. 199 pp.

This book is a study of the recruitment and selection of British candidates for the first direct elections to the European Parliament in 1979. Its main concern is to develop a recruitment theory which is relevant to the British party system. Holland looks at Great Britain as an individual country, as the contesting parties in the election retain their national autonomy, and indeed the election may be viewed as a collection of simultaneous second-order elections. The scope of parties examined in the study was limited to the Conservative, Liberal and Labour parties, as they were the only ones to contest all 78 mainland Euro-constituencies. The three themes examined use a case-study of the selection process and recruitment of candidates for the 1979 election, the construction of a model of recruitment specific to the election of British MEPs, and as a subsidiary goal, the development of a general macro-theory of recruitment. The basic purpose of the study is to develop a framework for analysis of MEPs and the development of the European Parliament, and to improve the status of recruitment theory and model-building.

bution of growth and development between and within countries, focusing in particular on the employment aspect.

Politics and Security in the Southern Region of the Atlantic Alliance. Edited by Douglas T. Stuart. The Johns Hopkins University Press, Baltimore, 1988. 186 pp.

At the inception of the North Atlantic Treaty Organization (NATO) in the late 1940s, the leading member nations, most notably Great Britain and the United States, minimized the problem of defending the Mediterranean region. Recent years events in northern Africa and the Middle East, as well as the Soviet Union's announced intentions to establish itself as a Mediterranean naval power, have led to an increase in importance being given to Southern Europe by NATO leaders. Despite this shift, Stuart argues that a fundamental concern for the politico-military situations of the Southern European nations is still lacking. The book includes contributions from defense and foreign policy specialists, most of whom are natives of Southern Europe. They argue against the tendency of scholars and NATO planners to consider the region as a single homogeneous entity, rather than individual coun-

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Guide to the Community Rules on Open Government Procurement. *Official Journal C 358, Office*

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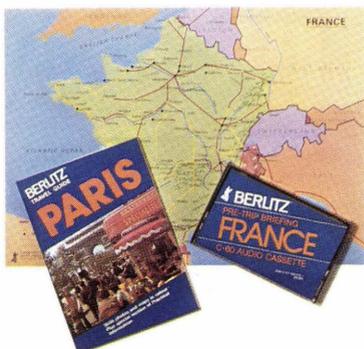
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