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UNDER SECRETARY  
FOR POLITICAL AFFAIRS

1563

February 23, 1984

NSC - Mr. McFarlane

Bud:

I am attaching some material given to me by Guido Goldman of the German Marshall Fund of the United States. I think that you will find it interesting. During its 12 years of existence the Fund has done yeoman's work in promoting study of European-American relations. The Bundestag's original 15-year funding is about to expire; but the Fund hopes to extend the program for another ten years. By 1996, if extended, the program should be able to stand on its own feet.

Although my interest in U.S.-European relations may prejudice me a bit, I feel that programs such as the Marshall Fund have contributed immeasurably to the Atlantic dialogue.

Lawrence S. Eagleburger

Attachment:  
As stated.

ABC ID 8401563

re: The German Marshall Fund

NSC/S PROFILE

UNCLASSIFIED

ID 8401563

RECEIVED 24 FEB 84 17

TO MCFARLANE

FROM EAGLEBURGER, L

DOC DATE 23 FEB 84

KEYWORDS GERMANY F R

ECONOMIC ASSISTANCE

GOLDMAN, GUIDO

SUBJECT: GERMAN MARSHALL FUND OF US

ACTION: PREPARE MEMO FOR MCFARLANE DUE: 02 MAR 84 STATUS S FILES

FOR ACTION

FOR CONCURRENCE

FOR INFO

SOMMER

MCMINN

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COMMENTS

*TO NSC/S Please close out. No action required. Please send copy of closed out package, including publications, to Watt Raymond. Thank you. Peter Sommer*

REF#

LOG

NSC/FID

( MR )

ACTION OFFICER (S) ASSIGNED ACTION REQUIRED DUE COPIES TO

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# Tenth Anniversary Report

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A RECORD OF STEWARDSHIP

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## The German Marshall Fund of the United States

A MEMORIAL TO THE MARSHALL PLAN

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JUNE 1982

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# Tenth Anniversary Report

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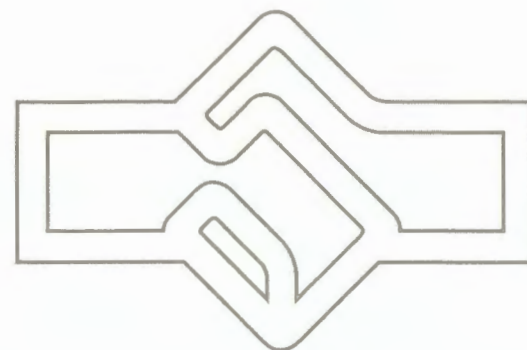
A RECORD OF STEWARDSHIP

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## The German Marshall Fund of the United States

A MEMORIAL TO THE MARSHALL PLAN

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JUNE 1982

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## Table of Contents

<b>A FITTING MEMORIAL</b>	3
<b>STAYING THE COURSE</b>	4
<b>THE WAY THE FUND WORKS</b>	5
Conferences and Studies	6
Economic Interdependence	6
European-American Relations	7
Domestic Problems Common to Industrial Societies	8
Individual Fellowships, Exchanges, and Internships	11
Public Education and Information	12
<b>FINANCES OF THE FUND</b>	14
<b>GOVERNANCE</b>	14
<b>PUBLICATIONS</b>	15
<b>A FITTING MEMORIAL: AFTERWORD</b>	15
<b>BOARD OF TRUSTEES OF THE FUND</b>	16

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## Tenth Anniversary Report

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### A RECORD OF STEWARDSHIP

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#### A Fitting Memorial

**T**he German Marshall Fund of the United States was conceived 10 years ago by the Federal Republic of Germany as a memorial to the Marshall Plan. Announcing formation of the Fund at Harvard University on June 5, 1972, Chancellor Willy Brandt called it an "expression of special gratitude for the American decision in 1947."

The basis of that decision in 1947 is also the wellspring of the philosophy that underlies the Fund. For when Secretary of State George C. Marshall announced the American decision at Harvard on June 5, 1947, he did more than enunciate a new foreign policy initiative. He shaped an American mind-set, by recognizing—as Americans generally came to accept in ensuing years—the interdependence of the United States and Europe in times of peace as well as war. The Marshall Plan was envisioned from the beginning as a cooperative enterprise, one in which Europeans and Americans would work together on the then-dominant problem common to both—the economic devastation of Europe, America's principal political ally and trading partner.

In the same spirit, a quarter century later, Germany established the Fund as a means of exploring this interdependence and of profiting from it. Chancellor Brandt said that the Fund would seek to "contribute to a closer understanding between the countries on both sides of the Atlantic in the decades of the 70's and 80's."

Two principles characterized the Fund from its inception. First, the Fund was to be American and independent: the German gift stipulated that an American Board of Trustees would administer the Fund "without any influence by German authorities." Second, the Fund would concern itself with European-American subjects, not only German-American ones.

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## Staying the Course

**T**he Fund faced seemingly limitless subject matter deserving attention, and thus devoted much effort to focusing its finite resources for maximum effect. That required a constant reexamination and refinement of its basic purpose.

Fortunately, the Fund's course was set rather clearly at the beginning. The founding papers described the work in these terms:

There will be three main areas on which the Fund will concentrate its interest: (a) the comparative study of problems confronting advanced industrial societies in Europe, North America and other parts of the world; (b) the study of programs of international relations that pertain to the common interests of Europe and the United States; (c) support for the field of European studies.

As the Fund matured, it came to interpret the third of these program areas to include support for European scholars interested in the United States. The Fund also perceived the need to complement the three program areas by broadening the American audience that had access to information about European affairs. The Fund sought to enable Americans who did not live in university environments or major cities with internationally oriented newspapers to learn about attitudes and actions on European-American relations and matters of common concern.

In its early years, the Fund concentrated its efforts on domestic problems common to Europe and the United States. In the past years, it has moved more resources to international relations issues in response to a paradox it perceived: as the economic and political fortunes of Europe and the United States grew more dependent on each other, there was an erosion of the mutual trust, understanding, and sense of shared values by broad segments of the societies on each side of the Atlantic. Even in its commitments in the international relations area, however, the Fund has been selective. Its projects have focused largely on national and international economic policy issues rather than on the military and strategic facets of political and diplomatic relations. The belief has been that other organizations already support work in the latter areas with energy and skill.

In late 1981, the Fund began its most ambitious effort in international studies. In an effort to make a significant contribution to a more coherent and comprehensive approach to the problems of economic interdependence, the Fund in 1981 established the Institute for International Eco-

nomics. The Institute is the first research institution in the United States devoted exclusively to international economic issues. The Fund has committed \$4 million to this enterprise.

The Institute seeks to anticipate the major economic issues likely to confront policymakers of industrial nations over the medium term (one to three years) and initiates research on those issues where new thinking can help shape these policymakers' understanding of the choices open to them and their consequences. As part of this process, the Institute seeks, through a series of papers, seminars, meetings, and discussion groups, to raise the level of public debate on the issues it addresses and to involve a broader audience in discussing them.

The subject matter addressed includes various components of international economic policy such as macroeconomic issues of exchange rates, trade, and investment, and questions relating to energy, commodities, and some aspects of North-South and East-West economic relations.

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## The Way the Fund Works

**I**n its programs—whether in international relations or comparative domestic problems—the Fund directs its efforts to policy and policymakers, though in the process it calls on the talents of many others. The Fund supports relatively little basic research, but does support writing and new analysis that are directly tied to policy. The Fund works with government officials, policy analysts, journalists, advocates, and persons in universities and research institutions involved in policy analysis. The program supporting research fellows is in addition to and separate from these efforts.

The Fund has provided general support for only four institutions, three of which it established.

- In 1981, the Fund established the Institute for International Economics, described above, to fill the gap between academic analysis and decisionmaking by policymakers in international economics.
- In 1976, the Fund established the Council for International Urban Liaison to provide urban practitioners (state, county, and local officials) with information about innovative European urban developments.
- The Fund has supported the Council for European Studies at Columbia University, which serves as a link in the community of scholars. The Council's *Newsletter* informs its members of developments in

European studies and of research opportunities. It also publishes research guides and manages workshops, research planning meetings, and a periodic Conference of Europeanists.

- In 1975, the Fund established the International Writers Service, which is described below.

The Fund uses three approaches in carrying out work in its program areas: (1) Conferences and Studies; (2) Individual Fellowships, Exchanges, and Internships; and (3) Public Education and Information. Brief descriptions of these approaches and examples of projects supported by the Fund follow.

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## CONFERENCES AND STUDIES

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All the Fund-sponsored program areas—activities relating to economic interdependence, European-American relations, and comparative investigation of domestic problems common to industrialized societies—have used conferences and studies.

### **Economic Interdependence**

Activities in this area rest on three premises: that domestic policies and actions of any European or North American country have profound economic repercussions in other countries; that as this economic interdependence has grown, relations among countries of Europe and the United States have become increasingly strained; and that part of this strain has arisen because broad segments of national populations, including their leaders, lack understanding of the problems and perspectives of other countries.

Works on tariffs, quotas and other trade-related issues, the politics of protectionism, international trade and industrial policy, and related subjects have received Fund support. In particular, informal meetings of the principal negotiators in the Tokyo Round of Multilateral Trade Negotiations received Fund support. Background papers for each meeting of that roundtable were prepared on topics such as voluntary export restrictions, trade distortion of public subsidies, and agricultural policy in international trade. These were later published by the Trade Policy Research Centre.

Conferences and analytic projects on international monetary issues have also been underwritten by the Fund, as was a series of meetings on international coordination of domestic economic policy. Distinguished American, Japanese, and Western European economists attended those conferences, which were held in 1976, 1977, and 1978. The political and

economic factors contributing to international inflation have also been studied with Fund support.

International economic relations are affected by domestic economic policy. These have been the subject of economic summits in recent years. Prior to the Bonn (1978), Venice (1980), and Ottawa (1981) Summits, the Fund supported private meetings of experts to discuss issues that would arise at the summit. The observations of the experts at these meetings were transmitted informally to governments.

### **European-American Relations**

Fund efforts in this area have sought to broaden the understanding of influential individuals or leadership groups in Europe and the United States.

For an analysis of key issues facing Europe and the United States in the 1980s, the Fund supported a series of meetings of the Council on Foreign Relations, the French Institute of International Relations, the German Institute of International Politics, and the Royal Institute of International Affairs. The meetings resulted in the publication of the report, *Western Security: What has changed? What should be done?*

The Fund has also helped support a number of conferences that have led to publications on social and economic developments. In 1976 and 1977, the American Academy of Arts and Sciences organized a series of meetings that resulted in two special issues of *Daedalus*: "Looking for Europe" (Winter 1979) and "The European Predicament" (Spring 1979). The Committee on Western Europe of the Social Science Research Council organized a series of meetings in 1977 and 1978 that resulted in the publication of *Organizing Interests in Western Europe* (Suzanne Berger, ed., Cambridge, 1981). Other special conference and publication series have focused on specific issues in Europe, such as the development of Eurocommunism, as well as general questions of the Atlantic Alliance.

The Fund has supported conferences on developments in single countries. In 1976, in conjunction with the Calouste Gulbenkian Foundation, a conference on Portugal and the European economy was organized with Fund support. In 1979, a conference on Spain's future role in Europe was held in conjunction with the Banco Urquijo in Madrid. Most recently, the Fund supported a bilateral U.S.-French meeting organized by Georgetown University's Center for Strategic and International Studies, during which top officials, experts, and analysts met in an informal setting to discuss the extent to which these two countries with new governments had shared or differing views.

The Fund's current program focuses heavily on bilateral meetings and travel projects. The American Council on Germany and the Atlantik-Brücke (Atlantic Bridge) have organized, with Fund support, a series of



ad hoc meetings that focus on issues important to U.S.-German relations. Similar activities involving other countries in Europe will be supported.

### **Domestic Problems Common to Industrialized Societies**

Here the Fund has selected several problem areas in which, it believed, (1) there were innovative or useful social, institutional, or legal policies on one side of the Atlantic and (2) interest and institutional receptivity on the other side.

#### **Employment**

The Fund has supported studies and analytic works focused on a wide range of issues in this area, including changing patterns of labor-management relations, women's employment, labor market policies and problems (particularly those of young workers), and retirement finance.

The Fund has sponsored conferences and seminars for managers on flexible approaches to retirement and work-humanization programs; for national policymakers on a range of labor market administration and program issues, in conjunction with the National Commission for Employment Policy; on union roles in investing pension funds; and on industrial policy, in conjunction with the Industrial Union Department (AFL-CIO). The Fund helped sponsor a recent conference organized by the Department of Professional Employees (AFL-CIO) on union perspectives on technological change.

The Fund has worked closely with labor unions and women's groups on study programs for top leadership and national staff. These projects have included seminars and international travel and have focused on equal employment opportunity, child-care programs, labor market and dislocation policies, efforts to improve working conditions, and union responses to technological change. Most of these projects have resulted in publications.

#### **Environment**

During the past two decades, advanced Western industrial societies have become increasingly aware that the environment is fragile and natural resources are limited in supply.

The Fund initially approached this problem with a strong emphasis on land use, by comparing laws, regulations, and practices in eight countries under a 1974 grant to the Conservation Foundation in Washington, D.C. Four books and many articles and reports resulted, comparing approaches to issues such as managing urban growth and protecting critical environmental resources.

The Fund then focused on an important characteristic of efforts in the United States to improve the environment: broadened and new methods

of public participation in governmental decisionmaking. The question was how citizens can effectively take part in making and applying sound policies and practices in the use of environmental resources. The Fund has supported a study examining citizen action in France and Germany in nuclear power plant siting. The Fund has also supported the exchange of practical and policymaking experiences that rely on citizen involvement in environmental decisionmaking and various neighborhood and community projects.

More recently, the Fund has tackled some specific problems of highly industrialized societies—sulfur-oxide emission control strategies in various countries, the effect of environmental regulations on industrial decisions in plant locations, and the use of economic incentives or disincentives (in lieu of other regulations) to improve air and water quality in polluted areas.

#### **Urban Affairs**

There are similar urban problems on both sides of the Atlantic—declining private sector investment, unemployment, deteriorating housing stock, and deteriorating public services—but it quickly becomes apparent to observers that Europeans have often been more skillful in maintaining a livable urban environment than have Americans.

Since 1975, the Fund has helped U.S. local governments to benefit from Europe's experience. One important effort has been institutional: organizing and partly financing the Council for International Urban Liaison (CIUL). Through newsletters, conferences, and exchanges, CIUL serves as a window on the world for urban-oriented U.S. professional groups such as the National League of Cities and the National Association of Counties. The best-known publication of CIUL is the periodical, *Urban Innovation Abroad*.

A more recent institutional approach involved Partners for Livable Places, a Washington, D.C., organization with close ties to 30 U.S. cities. Through the Fund-supported "Learning from Europe" program, Partners introduces ideas from Europe into the planning and design of projects to improve the quality of life in American cities and the conditions for investment therein. Partners provides information to its constituency on such subjects as neighborhood revitalization, open-space planning, and reinvestment in disinvested urban areas.

The Fund has sponsored numerous investigations by U.S. officials to view innovative concepts in waterfront design, traffic restraint in residential areas, and mutual housing (limited-equity housing cooperatives for low- and moderate-income families in inner cities). Visiting European officials have learned about U.S. community development corporations,

local efforts to deal with immigrants, carpooling, and citizen-participation in government.

### **Immigration**

During the late 1970s, it became increasingly clear that the pressure to immigrate to advanced industrial nations was growing. All such nations have similar problems that flow from this pressure: the problem of establishing and applying a fair, generally acceptable immigration policy; finding jobs for immigrants; and determining what social services they are to receive.

The Fund entered this problem area in 1979, focusing largely on the impact of foreign migrants on specific industries, on international migration and policy options available to sending and receiving nations, and on foreign policy implications of immigration policies.

In April 1982, the Fund sponsored an international conference in Washington, D.C., on administering immigration and refugee policies. U.S. Congressional and Administration leaders discussed these issues with senior governmental officials from Australia, Canada, France, Germany, and Great Britain.

The Fund has also supported analytic projects focused on the use of foreign workers in the construction and automobile industries in France and Germany, as well as a series of papers on international migration issues being written by Jagdish Bhagwati (Columbia University).

### **Criminal Justice**

The Fund's criminal justice program has encouraged change in systems for handling offenders by examining effective procedures in police, prosecutor, defender, court, and prison operations. It concentrates on alternatives to incarceration—on finding better ways to treat offenders who need not be incarcerated or who might serve less time in prison. The program seeks to identify new methods to deal with victims and with juvenile and adult cases that could be diverted from the criminal justice system.

The Fund has sponsored individual and group exchanges among criminal justice policymakers, officials, and practitioners who would not otherwise have an opportunity to compare systems. It has also awarded grants to encourage them to try in their home jurisdictions the relevant practices they learned abroad.

For three years, Fund grants, supplemented by funding from the French Ministry of Justice, supported a Vera Institute of Justice project in which U.S. experts and French officials developed new approaches to court procedures and the treatment of incarcerated populations. A pretrial services demonstration project in the Paris court was initiated by this project.

A grant supported the work of a Scottish consultant in assisting a Cleveland, Ohio, community youth project that uses nonprofessional, community panels to help young people in trouble. This grant followed an earlier one that sent a group of Scottish officials to Cleveland and a group of Cleveland officials and activists to Scotland to examine that country's system of using voluntary lay panels in place of juvenile courts.

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### **INDIVIDUAL FELLOWSHIPS, EXCHANGES, AND INTERNSHIPS**

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One way the Fund has carried out its programs has been by enabling numerous individuals to cross the Atlantic with one of two objectives in mind. The traveler might seek focused practical experience, interaction with counterparts, or an opportunity to pursue research in a specific field; alternatively, he or she might seek a more general experience that would give a sense of how policy is made or implemented abroad.

**The German Marshall Fund Exchange Fellowships:** Young Europeans who are expected to be leaders in their various fields (e.g., business, journalism, trade unions, or national and local government) will come to the United States for periods of up to eight weeks in a combination of programmed travel and job-related internships. The first group will come from Germany in the second half of 1982.

**The German Marshall Fund Research Fellowships:** Since 1973, 106 American and European postgraduate scholars have received support for individual research projects focused on common policy issues. In some cases, recipients of support were American subject specialists who were not familiar with Europe but whose work would benefit from a comparative analysis; and in some cases, they were scholars concerned with relations among nations. Support is awarded on the basis of annual Fellowship competition. The Fund has appointed Fellows from 11 countries.

**Equal Opportunity Internships:** Since 1980, the Fund has offered internships to approximately 30 European government officials, trade union officials, and activists in feminist organizations to spend up to two months as interns with U.S. organizations, including government agencies, training organizations, and women's advocacy groups, to learn about U.S. methods of furthering women's employment.

**Environmental Internships:** A total of 10 American environmentalists have spent about two months each in studying environmental policy and legislation in one or more European countries. The Institute for European

Environmental Policy, based in Bonn and London, administers the program.

**Nieman Foundation for Journalism Fellowships:** Each year for the past nine years, a European journalist has had the opportunity to spend nine months studying almost any facet of America in the Nieman Foundation for Journalism program at Harvard University. The European visitor joins about 20 other journalists, most of them Americans, in the program.

**Stanford University Journalism Fellowships:** Beginning in 1982, European journalists will be able to participate with Fund support in a Stanford University program similar to that of the Nieman Foundation for Journalism Fellowships.

**U.S.-European Communities Fellowships:** U.S. government officials are given the opportunity to travel with Fund support to Brussels, where they are paired off with counterparts from the Commission of the European Communities in their fields of interest. (European officials travel to the United States in a similar program sponsored by the Commission.) U.S. officials involved in such fields as energy, income maintenance, environmental health, and banking regulation have participated.

**Aspen Fellowships:** Since 1975, the Fund has enabled many young European leaders to attend the summer workshops of the Aspen Institute for Humanistic Studies.

**McCloy Labor Fellowships:** Thirteen U.S. and 14 German trade unionists have each spent about a month learning about collective bargaining, workplace labor-management relations, and political organization in each other's countries. The Fund supports the Fellowships, and the American Council on Germany, in cooperation with the AFL-CIO and the German Trade Union (DGB), administers them.

**Short-Term Transatlantic Travel Grants:** These grants are aimed at facilitating exchanges of ideas among European and American scholars, professionals, and public officials. Academics invited to participate in nonacademic conferences, or nonacademics invited to participate in academic conferences, can receive up to \$1,000 from the Fund for travel expenses to Europe or the United States.

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## PUBLIC EDUCATION AND INFORMATION

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As Fund projects involving American academics and policy leaders grew in the early years, it became increasingly clear that U.S. relations with Europe would benefit if the larger American public were able to share

some insights into European developments and some sense of how Europeans go about solving problems similar to those in North America. Many Americans interested in Europe had little opportunity, because of their location (far from major cities or university towns) or the limited coverage by the local press, to obtain information about Europe. Many Americans are simply not aware of the relevance of Europe to the United States, or the interdependence between the two.

From these concerns emerged a Fund program that offers in-depth news about Europe, and analysis of European affairs, for radio and newspapers.

**International News on National Public Radio:** The Fund supports NPR's European coverage on its widely respected daily news program, "Morning Edition," its afternoon news and feature program, "All Things Considered," and a weekly interview program, "Communique." Audience analysis indicates that these programs are heard by more than 3 million listeners each week.

**Atlantic Dateline:** European experts, commentators, and policymakers are interviewed on this weekly half-hour radio feature supported by the Fund since 1975. They discuss their countries' approaches to problems common to industrialized societies. The program is carried by about 250 commercial and public stations.

**International Writers Service:** Distinguished European, Japanese, and Australian journalists write about political, economic, social, scientific, and technological problems in their own countries that are of interest to an American audience. For seven years, this service has prepared the columns for the North American readers and distributed them to about 200 U.S. (and a few Canadian and overseas) newspapers. Subscriptions generate some revenues, and the Fund provides necessary additional support.

**International Press Seminars in Paris:** One way to improve the quality of coverage of complicated U.S.-European issues is to deepen the understanding of the journalists who are writing about those issues. For seven years, with Fund support, American and European journalists have met in Paris under the auspices of the Atlantic Institute for International Affairs to discuss international issues such as U.S.-European differences over detente, the effects of U.S. and European economic sanctions, and the politics of food.

**Television:** A number of television programs on U.S.-European affairs have received Fund assistance over the past 10 years. For example, in 1975 and 1976, the Fund supported "Bill Moyer's International Journal." The Fund contributed to a BBC "Horizon" documentary, shown on U.S. public television in 1981, on the effects of computer-based information

transmission media. In 1982, the Fund is cosponsoring 12 monthly programs featuring European journalists, with an American moderator, discussing differences between the United States and European nations. WGBH-TV will produce and distribute the series in the United States.

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## Finances of the Fund

The Federal Republic of Germany made a gift to the Fund of 147 million Deutsche marks, to be paid in 15 annual installments. In June 1982, the Fund receives its 11th installment, bringing the total of funds received since 1972 to more than \$46 million. Of this amount, approximately \$33.3 million has been used or committed for programs and administration, while \$12.7 million has been set aside to create an endowment. The financial strategy of the Fund has been to develop an endowment that will permit the Fund to continue its activities as a perpetual institution at the end of the 15-year period. All earnings on the endowment have been reinvested, and its value today is more than \$25 million.

Two nationally known portfolio managers oversee, under the supervision of the Finance Committee of the Board of Trustees, investment of endowment.

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## Governance

From its inception, the Fund has been fortunate in the quality of leadership that it has attracted. Members of the Board of Trustees have been drawn from many areas, including the academic world, business and finance, economics, journalism, and trade unions. A number of former U.S. government officials have served, which has helped to insure relevance of Fund programs to current concerns.

Especially valuable in the early years was the contribution of the original Honorary Trustees, who were C. Douglas Dillon, James B. Conant, W. Averell Harriman, Gabriel Hauge, Paul Hoffman, Milton Katz, Robert A. Lovett, John J. McCloy, James A. Perkins, and David Rockefeller.

The Fund's offices are in Washington, D.C. The Fund has a European office in Bonn and a part-time representative in Paris.

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## Publications

Fund grantees have written more than 125 books, 75 monographs and pamphlets, and many articles as a result of Fund-supported projects. The Fund has issued three types of publications of its own during the first 10 years:

- *Periodic Reports*: Cumulative reports were issued in 1977, 1979, and 1981 describing Fund programs, objectives, and finances.
- *Current Activities Reports*: These are occasional publications, issued at least once a year, listing all grants made since the prior report.
- *Transatlantic Perspectives*: This magazine is devoted to discussion of problems of common concern to industrial societies and reports principally the findings and opinions of grantees to a wider audience. Six issues of this magazine have been distributed in the United States and Europe.

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## A Fitting Memorial: Afterword

In seeking a fitting memorial to the Marshall Plan, the Federal Republic of Germany might have settled on one of a number of possible actions. It might have acknowledged the 25th anniversary of the Plan by issuing a proclamation, commissioning a portrait or statue of Secretary Marshall, or endowing a university chair or scholarship in his name. Each would have been appropriate—and welcome. Or the Fund might have been created with a more limited mandate such as directly furthering German-American relations.

By creating a U.S. foundation with a mandate to range broadly over areas of common concern, Germany has given the Fund Trustees and staff the opportunity to create a unique and imaginative institution, one that contributes effectively to better understanding and relations between the United States and its key partners in Europe.

The most fitting aspect of this memorial is the largeness of spirit in which it was created. The donor recognized the interdependence of European nations and the United States—and transcended the national interests of Germany alone. Like the Marshall Plan it sought to memorialize, the German gift was bold in conception, generous in size, and practical in purpose.

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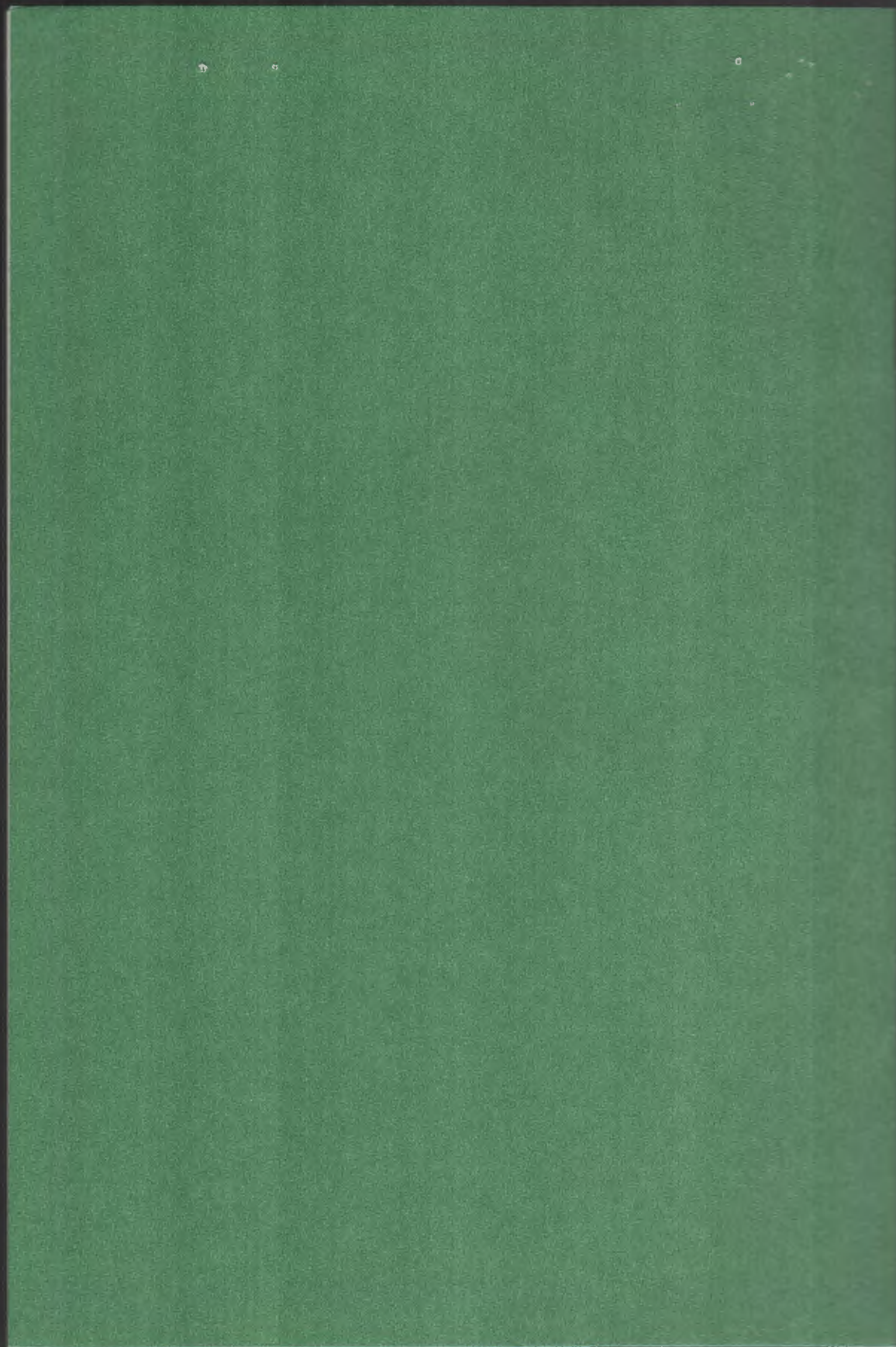
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The German Marshall Fund of the United States  
11 Dupont Circle, N.W.  
Washington, D.C. 20036



# transAtlantic PERSPECTIVES

DECEMBER 1983 NUMBER 10

THE GERMAN MARSHALL FUND OF THE UNITED STATES

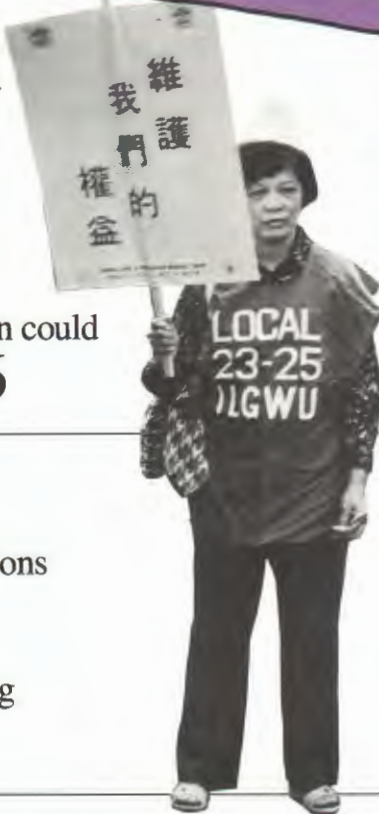
## Foreign Correspondents In the U.S.

Reporting on how Washington affects Europe is not the beat of choice/3



## International Debt Is Manageable

Unnecessary panic-based action could turn good debt into bad debt/6



## Unions Adapt To Immigrants

Organized labor here and abroad is finding imaginative ways to involve foreign workers/10

## Hazardous Waste

Helped along by collection stations scattered at many locations, waste generators in Denmark and parts of Germany are saying goodbye to dumping/15

## New Grants

Not working: displaced adults, unskilled youth • Better landfill alternatives: Congress and the states look to Europe • U.S. colleges get a German perspective/16

Book Notes/20 Institute for International Economics/22

FY 1983: Financial Statements, Cumulative List of Grants/24

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## *The Home Angle Goes Wanting*

# How Foreign Correspondents Cover The United States

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*Foreign correspondents are usually thought to be primarily concerned with reporting and explaining how events and developments in their host country impinge on readers back home. This is not the evidence, however, of a Fund-sponsored survey of the U.S.-datelined stories published by 16 major newspapers around the world during a week chosen at random. Stephen Hess, who began studying the world of foreign correspondents in 1979, analyzed the data and discusses its significance in the following article.*

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“I ONLY KNOW WHAT I READ in the papers,” as Will Rogers used to tell his audiences, becomes almost literally true the more remote the reader from the scene of news. When we scan a report from Kabul—or an Afghan reads about New York—the chances are slim that the spare details provided will be supplemented by the reader’s personal experiences, word-of-mouth, or formal education. Thus reporting on someone else’s country would seem to impose special responsibilities on a correspondent.

Full-time foreign correspondents in the United States have more than doubled in the past twenty years. There are now roughly 800, almost equally divided between Washington and New York, with a small number on the West Coast.

They are not the sole source of news for their organizations or even, in most cases, the primary source. Newspapers around the world rely heavily on the wire services—the wholesalers of news—and on a handful of newspapers with international reputations that syndicate their reportage. Take the *Sydney Morning Herald*, for example. To supplement its own correspondents—only one of whom is in the United States—the *Herald* buys the reportage of the *New York Times*, *London Times*, *London Daily Telegraph*, *Manchester Guardian*, and the Australian Associated Press, which, in turn, uses the Reuters, Associated Press, and Agence France-Presse wire services.

But a newspaper’s own correspondents abroad are the Savile Row of journalism, tailoring made-to-order information for a discrete body of consumers. They can tell their readers—who are usually their own countrymen—how an event personally affects them, and can seek out information that might not interest readers in any other country. When General Dynamics Corporation buys the part of Chrysler Corporation that manufactures the M-1 tank, a Washington correspondent for Zurich’s *Tages Anzeiger* tells his readers what this may mean for the Swiss Army. From Detroit, a

*Toronto Globe and Mail* reporter explains the split between U.S. and Canadian workers over whether to reopen negotiations with the auto industry.

### **Sixteen Newspapers Fine-Combed For Home-Angle Coverage**

This is the “home angle,” and it was the focus of a small study carried out last year within the writer’s larger continuing project on Washington newswork. To gain some hard information on how foreign correspondents in the United States deal with the home angle, a small research team analyzed the space allocated to all U.S.-datelined stories that appeared in 16 newspapers from nine countries during seven days, February 16-22, 1982. Half of the papers were published in Western European countries: France (*Le Monde*, *Le Quotidien de Paris*); the German Federal Republic (*Frankfurter Allgemeine*, *Sueddeutsche Zeitung*); Britain (*The Daily Telegraph*, *The Times*); and Switzerland (*Neue Zuercher Zeitung*, *Tages Anzeiger*). Two were from the Eastern bloc:

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Editors in places like Paris, Frankfurt, and Zurich seem pleased with the “cosmic” dispatches their correspondents file at the expense of home-angle reporting.

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the German Democratic Republic (*Neues Deutschland*) and the Soviet Union (*Pravda*). The remainder came from Canada (*Toronto Globe and Mail*, *Toronto Star*); India (*The Hindustan Times*, *The Statesman*); and Australia (*Sydney Morning Herald*, *The Australian*).

The researchers divided the U.S.-datelined stories into two categories—those with a home angle and those with-

out—and tabulated the inches of space allotted to each category. From the chart based on our tabulations (see figure 1), it is obvious that the newspapers of different countries have vastly different ideas about their responsibilities to provide readers with a local or regional point of reference.

The German Democratic Republic's *Neues Deutschland*, which runs the fewest home-angle stories, gets all its U.S. news from the East German wire service ADN (two reporters in New York, three in Washington). The paper uses a lot of very short pieces—averaging less than 100 words—that are clearly rewrites of the U.S. press, presented under such headlines as “Ford Blackmails Workers for Concessions.” Twenty-six articles originated from Washington during the week. Two of these involved Western Europe; none related to or even mentioned the German Democratic Republic.

At the other extreme, the U.S. correspondents for the Indian newspapers in the sample spelled out the home angle in every story. They tended to write a few long articles, often between 1,000 and 2,000 words, that either were on subjects of direct interest (“Indian Scientists Advised to Form ‘Brain Bank’”) or else managed to connect the Indian subcontinent to places as removed from it as El Salvador.

A behind-the-scene story that delighted British journalists was the reason their papers scored relatively high on the home-angle scale for the week, according to correspondents interviewed. Both British papers reported extensively on

*The Washington Post*'s front-page story that reproduced senior staff meeting notes in which U.S. Secretary of State Alexander Haig was quoted as calling the British Foreign Secretary, Lord Carrington, a “duplicious bastard.” (The lead paragraph in most of the other foreign press emphasized that Secretary Haig's assessment of prospects for peace in the Middle East was grimmer than his public posture.)

### U.S. International Relations Eclipse “European Week in Washington”

In general, though, the chart shows that the European press paid relatively modest attention to the home angle. (For coding purposes our definition was broadly inclusive: a story relating to Europe was coded as “home angle” if it appeared in any European paper sampled, even if the correspondent had made no effort to relate the story to his or her home country.) What makes the low percentages doubly perplexing is that the volume of Washington activities involving Europe was such that *Le Quotidien de Paris* dubbed the period sampled “European Week in Washington.”

Prime Minister Martens of Belgium, the president of the Council of the European Community, received an extraordinary audience with the U.S. President in order to express Common Market concern over Mr. Reagan's new budget and the huge deficit that it projected. Foreign Affairs Minister Flesch of Luxembourg addressed the National Press Club. British Labourite Wedgwood Benn lectured at nearby University of Maryland and held a press conference. Italian Foreign Minister Colombo delivered a speech at Georgetown University in which he proposed a European Communities-United States pact. In addition, the U.S. Chamber of Commerce took a strong stand against those in the Reagan administration who wished to impose economic sanctions aimed at blocking the construction of a Soviet gas pipeline to Europe, the Executive Council of the AFL-CIO took an equally strong stand in favor of a full trade embargo, and the Joint Economic Committee of Congress released a report on the pipeline project. A U.S. agency, the International Trade Commission, also issued preliminary findings in a case brought by American steelmakers against mostly European suppliers.

Yet collectively, these stories were not as attractive to European correspondents in Washington as the President's statements that week on U.S. policy in Central America and the Middle East. Central America generated the most questions at the President's news conference. Mr. Reagan said there were “no plans to send American combat troops into action” in El Salvador or anywhere else, but declined to be drawn into a discussion of options that might be under study. (This followed a *Washington Post* “exclusive” that asserted the President had approved a plan to encourage paramilitary operations in Central America.) On the Middle East front, news stories that Defense Secretary Weinberger wished to sell advanced weapons to Jordan caused a public exchange of letters between Mr. Reagan and Israeli Prime Minister Begin in which the President said “America's policy toward Israel has not changed.”

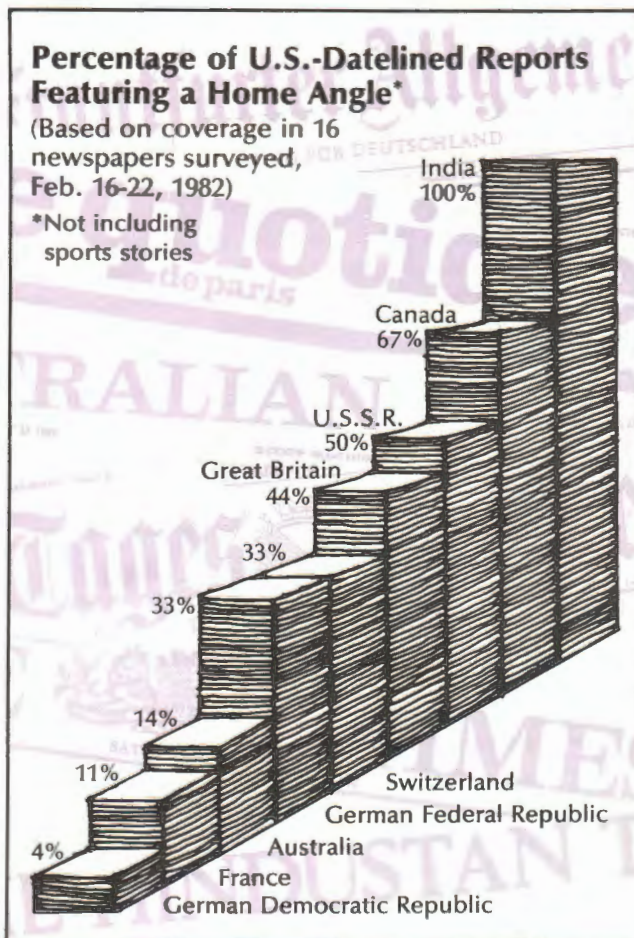


Figure 1

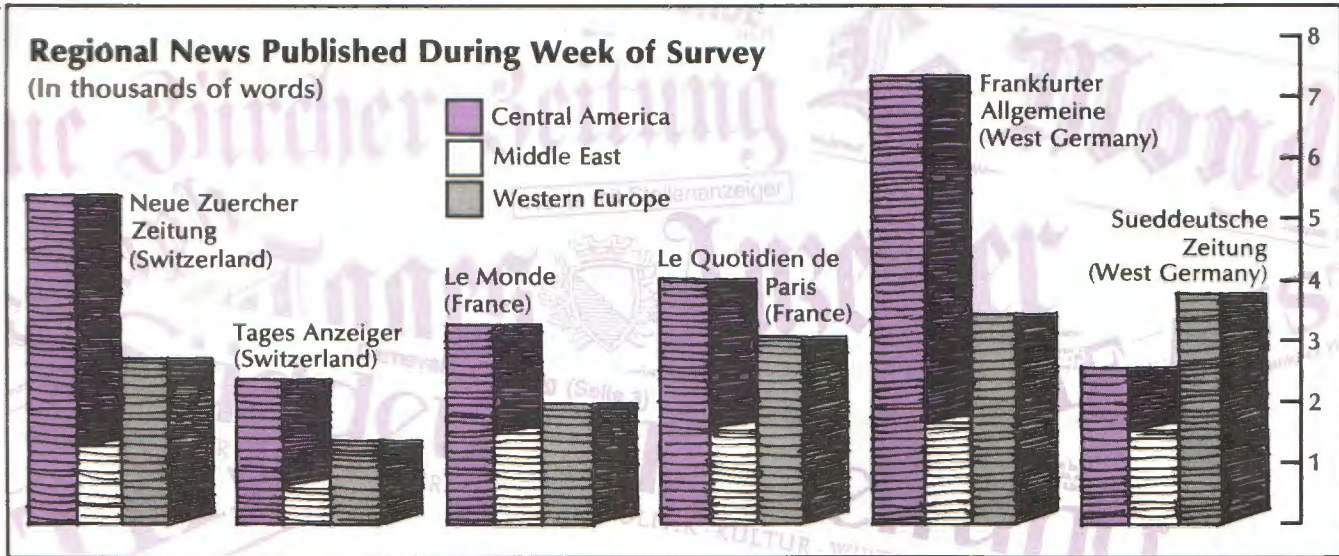


Figure 2

### Home-Angle Reporting Ranks Lowest With Washington Reporters

That U.S. relations with two perennially troubled territories should dominate not only domestic reportage but also the dispatches of foreign correspondents based in the United States points up a parallel with my earlier findings on the way U.S. reporters cover their national government (*The Washington Reporters*, Brookings, 1981). One definition of "pack journalism," in the words of Knight-Ridder bureau chief Robert S. Boyd, is that "all reporters want to play at the center of the field." They choose to be packed together at certain key locations. When I asked U.S. reporters in Washington to evaluate assignments, I found that "diplomatic" was rated most prestigious and "regional" (reporting on how Washington affects Peoria) ranked lowest (13th).

American newspaper editors around the country complained bitterly about this development, comparing Washington reporters to unguided missiles within their news organizations. But there is evidence that editors in such places as Paris, Frankfurt, and Zurich are pleased with the "cosmic" dispatches their correspondents file at the expense of home-angle reporting. Figure 2 shows the space devoted to Central America, the Middle East, and Western Europe in the French, Swiss, and West German papers that we tracked during the week in 1982. The selections had been made by the foreign news editors—not the foreign correspondents—and also reflect material that was available from the wire services and other sources. Western Europe (the home angle) was first in only one of six papers.

What our limited evidence tells us is that many newspapers—particularly in Europe—give modest notice to the foreign events that most directly relate to their consumers, unless, of course, the stories are the sort "the pack" would be covering anyway, and that this seems to reflect the journalistic judgments of both the foreign correspondents in the United States and their editors at home.

Confirmation that these findings transcend seven days of 1982 was gained when I questioned the scarcity of the home angle in conversations with foreign news editors in London

and Paris last September. The three British and three French journalists were a spirited group, but their reactions could be characterized as a collective shrug. "Bilateralism isn't much of a story anymore," said a Londoner.

A provocative study called *Reporting U.S.-European Relations* (Pergamon Press, 1982) makes a similar point. After four foreign correspondents wrote chapters about four prominent newspapers (not their own), and these formed the basis for a German Marshall Fund-sponsored review conference, the book's editor, Michael Rice, concluded:

Another general implication to come out of this exercise is that newspapers are being measured, however tentatively, against a new ideal, a cosmopolitan ideal. The concerns raised over any newspaper's persistent expression of a narrow nationalism imply that the most desirable newspaper would be one that could be read with equal confidence by Americans, Germans, the French, the British—indeed by anyone from outside the newspaper's country of origin. Given that measure, a great newspaper would necessarily be an international newspaper. . . .

The work of some very industrious correspondents, writing for some very good newspapers, was examined in our own study. It is hardly ignoble for them to want to expand the knowledge of their readers beyond national concerns. Yet we were left with a nagging doubt. Had not their distaste for "narrow nationalism" created a different kind of distortion? This, at least, was the tilt we felt after absorbing 112 newspaper-days of U.S.-datelined stories.

What most of the people of the world know about events beyond their borders will have been told to them by journalists. Even a significant share of what some foreign ministries know will come from the press. Beyond the "great issues," then, for each foreign correspondent there should be an additional concern. Formulated as a rhetorical question by a Canadian reporter in Washington, it is, "If we don't report on U.S.-Canadian relations, who will?" Foreign correspondents know the answer; still, part of their special responsibility to their readers is to keep reminding themselves of the question.



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## Why Turn Good Debt into Bad Debt?

# Managing the International Debt Crisis

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*The developing and Eastern European countries owe \$750 billion in external debt. Over the past year, acute debt-servicing problems have forced approximately \$100 billion of that debt to be rescheduled, and have prompted a number of radical proposals intended to reduce future risks. But unless the world plunges again into recession, the current debt situation can be managed without dramatic changes, according to a comprehensive analysis by William R. Cline for the Fund-supported Institute for International Economics. Cline's monograph, International Debt and the Stability of the World Economy, on which this article is based, was published by the Institute in September.*

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**T**HE FLAGSHIP BANKS OF THE WEST are deeply exposed and subject to heavy seas in the debtor countries. If the nine largest U.S. banks had to write off just one year's principal and interest payments from Argentina, Brazil, and Mexico, they would not only exhaust profits but also lose one-third of their capital. Were regulators then to enforce existing capital/loan requirements, the result would be a cutback of \$150 billion in total loans, depressing domestic economic activity enormously.

Nor is vulnerability solely American. Non-U.S. banks account for about 60 percent of outstanding credits to developing countries. The serious potential vulnerability of the international financial system explains why authorities in industrial countries were quick to mount impressive financial rescue packages last year for major debtors, including Argentina, Brazil, Mexico, and Yugoslavia. The broad issue now is whether these rescue efforts will be sufficient.

### Temporary Illiquidity or Fundamental Insolvency?

In debt problems of domestic firms, there exists a classic distinction between a firm that has positive net worth but is illiquid and one that simply has negative net worth and is therefore insolvent. The most fundamental policy issue today concerning international debt is whether the major debtor countries are temporarily illiquid or fundamentally

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Unlike firms, countries do not disappear. However, they can reach a point of inability to service debt over an extended time period, thereby becoming much like bankrupt firms from the standpoint of creditors.

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insolvent: whether their obligations should be viewed as largely sound debt or bad debt. If they are merely illiquid, additional lending is appropriate to tide them over short-term difficulties. If they are insolvent, it may be more appropriate to recognize their debt as bad debt and to attempt to salvage at least some portion of the debt while accepting some loss on face value, analogously to domestic bankruptcy proceedings whereby creditors attempt to secure so many cents on the dollar.

The conceptual distinction between illiquidity and insolvency is less clear-cut for a country than for a firm. Unlike firms, countries do not disappear. However, they can reach a point of inability to service debt over an extended time period, thereby becoming much like bankrupt firms from the standpoint of creditors.

The proliferating proposals from many sources for write-offs and stretchouts typically adopt the implicit view that at least some of the major debtor countries have reached the point of insolvency. However, a computer-based model developed at the Institute for International Economics tells a different story. Projections of balance of payments and debt through 1986 for each of the 19 largest debtor countries suggest that the problem is one of illiquidity and that the debt can be managed. The basic simulations of the model use past economic relationships to relate the amounts and prices of debtor-country exports to growth in Organization for Economic Cooperation and Development (OECD) countries: They also incorporate estimated responses of trade to exchange-rate changes and domestic growth, and take into account interest rates and oil prices.

The global debt problem should be manageable, projections show, if OECD growth averages two and one-half to three percent in 1984-1986. Such growth should stimulate developing-country exports enough to reduce debt-to-export ratios to safer levels. Improvement in the oil-importing countries, including Argentina and Brazil, will be sharpened

## How Extended Are the Largest U.S. Banks?

Percentage of capital on loan to five developing countries (end of 1982)

	Argentina	Brazil	Mexico	Venezuela	Chile	Total	Capital (million dollars)
Citibank	18.2	73.5	54.6	18.2	10.0	174.5	5,989
Bank of America	10.2	47.9	52.1	41.7	6.3	158.2	4,799
Chase Manhattan	21.3	56.9	40.0	24.0	11.8	154.0	4,221
Morgan Guaranty	24.4	54.3	34.8	17.5	9.7	140.7	3,107
Manufacturers Hanover	47.5	77.7	66.7	42.4	28.4	262.8	2,592
Chemical	14.9	52.0	60.0	28.0	14.8	169.7	2,499
Continental Illinois	17.8	22.9	32.4	21.6	12.8	107.5	2,143
Bankers Trust	13.2	46.2	46.2	25.1	10.6	141.2	1,895
First National Chicago	14.5	40.6	50.1	17.4	11.6	134.2	1,725

## How Much Do Large Borrowers Owe?

Debt owed to Western and Japanese banks by eight countries forced to reschedule payments in 1982-83

	Debt (billion dollars)	Debt service as percentage of exports of goods and services (1982)
Mexico	64.4	58.5
Brazil	55.3	87.1
Venezuela	27.2	20.7
Argentina	25.3	102.9
Poland	13.8	n.a.
Chile	11.8	60.4
Yugoslavia	10.0	30.3
Peru	5.2	53.4

## How Will OECD Growth Affect Deficits?

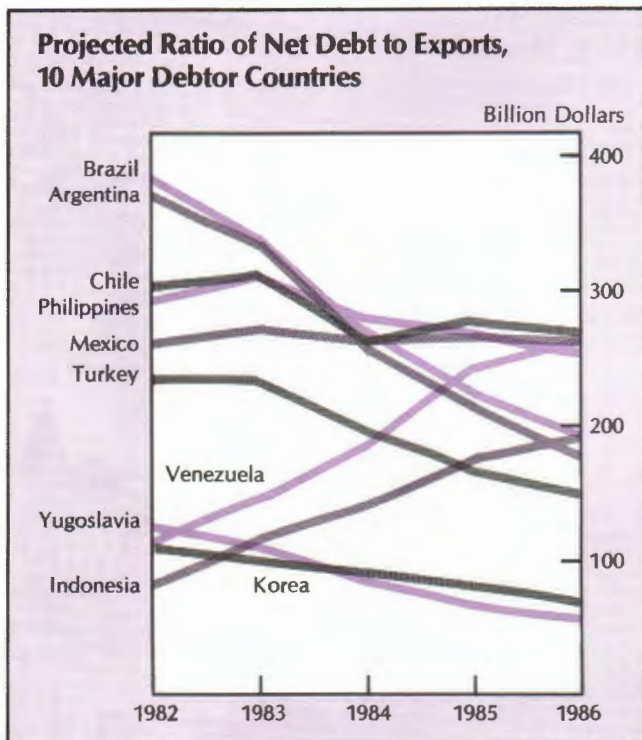
Projected 1986 current-account deficits for 19 major debtor countries based on different rates of OECD economic growth



by the weak trend in oil prices (which will tend, however, to worsen the situation in oil-exporting countries).

Based on past recovery experience, OECD growth should in fact attain the three percent level and could be higher. But if recovery seriously falters, prospects for debt management will suffer. At two percent OECD growth there would be no improvement, and at one percent growth the prospective deficits of debtor countries would balloon to large amounts impossible to finance; severe failure in OECD recovery would turn the debt problem from illiquidity into insolvency.

Debt management could also fail if interest rates surge again. However, one percentage point in growth is seven times as powerful as one percentage point of interest in bringing improvement, so that policy attention should focus primarily on growth and only secondarily on reducing interest rates. The projections also show that a collapse in the price of oil would aggravate the debt problem, because the damage to major oil-exporting debtor countries such as Mexico, Venezuela, and Algeria would be much more concentrated than the corresponding relief to oil-importing countries such as Brazil. A decline in the dollar from its present



overvalued level, however, would significantly lighten the debt burden, partly by raising the dollar value of trade relative to debt, which is primarily dollar-denominated.

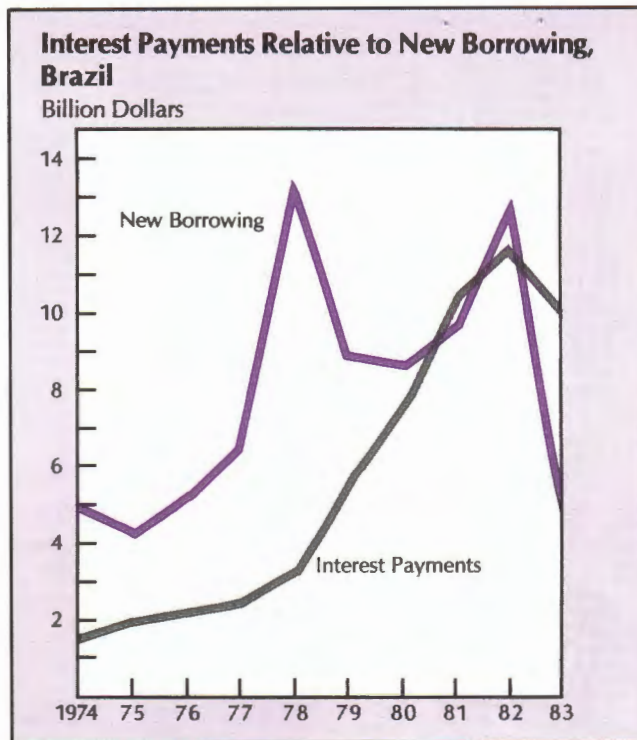
#### Banks Already Exposed Are Source of Capital

The broadly favorable implications of this analysis are consistent with country performance to date. Argentina, Brazil, and Mexico, in particular, have accomplished a remarkable adjustment from a trade deficit totaling \$3 billion in 1981 to a combined trade surplus of \$17 billion expected in 1983.

Nonetheless, these three key debtors start from such high indebtedness that it will probably take at least two to three years before they can return to capital markets on a more normal basis. Until then, their credit needs seem likely to be met by the dynamic of forced, or involuntary, lending. Banks with existing exposure have a strong incentive to make moderate additional loans to enable the country to avoid default, thereby securing the value of past loans outstanding. Smaller banks erode this process because they tend to act as free riders, hoping to avoid participating in new loans, but IMF leadership, central-bank pressure, and even pressure by the borrowing country should be able to keep the free-rider problem within manageable limits.

#### Policy Measures to Encourage Sustained Recovery

The chances are good for successful debt management, but the costs of failure are so great that energetic policy efforts are essential to ensure success. The United States needs to reduce its prospective fiscal deficits so that monetary policy can be relaxed and real interest rates can fall. In several



other industrial countries less restrictive macroeconomic policies are needed.

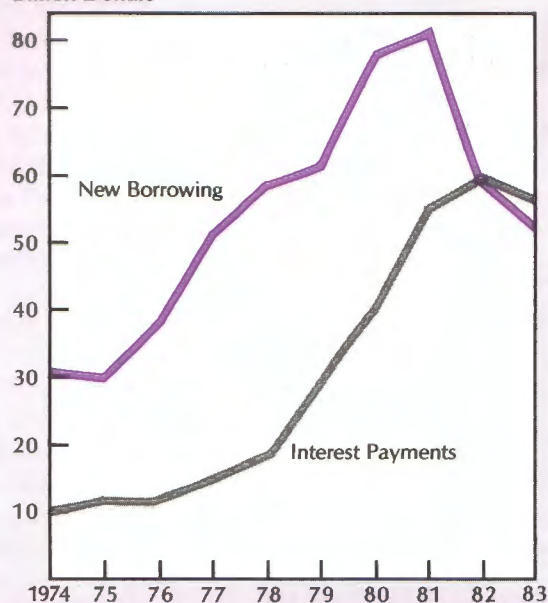
The quota increase recently authorized by the U.S. Congress for the International Monetary Fund was an essential step. Increased financing through multilateral development banks and export credit agencies is also needed. New international lending by private banks must not fall below the \$26 billion provided in 1982, which was down from \$43 billion in 1981. The current problem is too little lending, not too much.

While it is misguided to overlook the role of exogenous shocks (like the drastic rise in oil prices, sharply higher interest rates, and global recession) in creating the current situation, certain changes in official regulation of international banking would lessen future risk to the banking system from international debt. Regulatory reforms proposed by the Federal Reserve, Comptroller of the Currency, and the Federal Deposit Insurance Corporation strike the appropriate balance between increased prudence and excessive regulatory restrictions. By preparing country credit ratings and helping to mobilize lending support from otherwise free-riding banks, the new Institute of International Finance could provide more discipline to the bank-lending process.

In addition, it will be crucial to avoid new trade protection in industrial-country markets against the exports of developing countries. Tighter import restrictions on textiles and apparel, sugar, and steel within the last two years have had the effect of depriving developing countries of the foreign exchange needed to service their debt. This fact must be kept in mind in all decisions concerning national policy response to new pleas for protection—at a time when protectionist demands are high because of unemployment and (in the United States) an overvalued dollar that makes domestic production less competitive.

### Interest Payments Relative to New Borrowing, Nonoil Developing Countries

Billion Dollars



#### Political Frustration Could Overwhelm Rationality

Despite the prospects for economic improvement, and even with the policy measures just enumerated, the risk remains that political intolerance to adjustment in debtor countries will cause a breakdown somewhere in the system. Through the 1970s developing countries were receiving two to three dollars in new borrowing for every dollar of interest they paid. But in 1982 interest payments actually exceeded net new borrowing. From a narrow standpoint of resource flow, there was an incentive to default.

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However, default would mean opting out of the international financial system. Private creditors could attach assets abroad and seize export shipments, even if governments took no reprisals. And a defaulting country's future credit reputation would be ruined. Not surprisingly, calls for a debtors' cartel to invoke an indefinite moratorium on interest and principal have gone nowhere, as shown by the mild results of the recent Caracas meeting of ministers.

Nonetheless, there is cause for concern about some major debtors. The opposition party in Brazil has formally called for a three-year moratorium on interest and principal, and the Brazilian congress initially rejected a crucial law limiting wage indexation. Political developments in Argentina have also been erratic, although the decisive electoral victory of the centrist Radical Party on October 30 holds promise for more effective economic policy and debt management.

In these and other cases, the underlying risk is that political patience will snap before the improvement from international recovery has time to materialize. The case of Mexico is encouraging, however. Dramatic adjustment has already been achieved, with remarkably broad public acceptance.

#### Case-by-Case Negotiation the Right Strategy

Fearing either political disruption or failure of a sufficient economic recovery, some analysts have proposed sweeping debt reforms that would transfer current loans to international agencies, force the banks to accept losses of at least 10 cents on the dollar, and stretch out the debt over decades. Such proposals misdiagnose the situation as one of insolvency, rather than illiquidity. In general, they constitute a counterproductive, panic-based action that would tend to turn good debt into bad debt. With their claims transferred to international agencies, banks would no longer have an incentive to make new loans to secure old ones. And large amounts of public capital would be required at a time when even modest funding is difficult to appropriate.

Contingency planning is nevertheless necessary. The general strategy should be something along the following lines. Debt problems should continue to be handled case by case. When a country gets into trouble there should be negotiations with its private and public creditors. Where conventional reschedulings and rescue packages prove insufficient, the first line of defense would be to repeat the package but with an additional round of support from the key participants: private banks, industrial-country governments (through such instruments as Federal Reserve swap loans, agricultural credits, and export agency loans), and the IMF. In even more extreme cases it may be necessary to have banks capitalize some portion of the interest otherwise due into additional principal due in future years. The central point is that the resolution of such contingency cases would be addressed in a negotiating context case by case without setting up international machinery that would cause perverse incentives for unnecessary default.

It is essential to this strategy that the creditor-debtor relationship remain in a cooperative mode and that official financing flows be as substantial as possible. A dramatic failure of major Western governments to play their role in the process could push the debtor-creditor relationship toward the conflict mode, with losses for all sides.

The debt crisis is a supreme challenge to international economic management. So far, the response to this challenge is encouraging. With effective management of the world economy, problems can continue to be resolved without major mishap.



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*Response More Systematic in Europe*

## The Immigrant Challenge to Labor Unions

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*Today, millions of the industrialized world's blue-collar workers are recent arrivals from Asia, Latin America, and Africa who know little of labor unions. Most speak the host-country language poorly and feel constantly apprehensive about being sent home. To find out how and to what extent organized labor has set about drawing these immigrant workers into the labor movement, the Fund commissioned the American Labor Education Center to interview union leaders, immigrant workers, government officials, and representatives of churches and community groups in the United States, Britain, France, the Federal Republic of Germany, Sweden, and the Netherlands. Union programs targeted to immigrants are both more numerous and more systematic in the five European countries, according to this report by Debi Duke and Steve Early who, together with Muzaffar Chishti, conducted the interviews.*

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**T**HE INFLUX OF IMMIGRANT workers into the United States and Western Europe in the last few decades has created challenges for the labor movement on both sides of the Atlantic. As more and more manual jobs in basic manufacturing, the service sector, and municipal government have been filled by the foreign-born, unions have felt pressures to develop new programs to serve, educate, and involve them.

Most of Western Europe's foreign workers arrived during the 1960s and early 1970s when unskilled jobs were plentiful and immigration was encouraged. Today, there are an estimated 12 to 15 million immigrants living legally in countries such as Sweden, the Federal Republic of Germany, the Netherlands, France, Switzerland, and Britain. Once homogeneous working-class communities and unions are now a multi-ethnic mix that includes West Indians, Finns, North Africans, Greeks, Turks, Yugoslavs, Indians, Pakistanis, and Southeast Asians. While most countries closed their border to non-EEC immigrants by 1975, illegal immigrants continue to arrive.

In the United States five to six million immigrants have been admitted in the last 10 years. Another three to six million persons are living here illegally.

On both continents, economic difficulties—including high unemployment—have led to tensions and divisions between immigrants and native-born workers, especially where the newcomers are seen as tax burdens or threats to jobs, wage-levels, housing, schools, or communities. Immigrants, for their part, complain of discrimination by employers, exploitation by landlords and merchants, harassment by police and

immigration authorities, sporadic acts of racist violence, and right-wing campaigns to have them expelled.

Both American and European labor organizations have responded to this complex situation by becoming increasingly insistent on immigrants' rights—even while continuing to support tighter restrictions on new immigration. Many unions are struggling to overcome language barriers so that they can recruit more immigrant members and encourage greater involvement in union affairs by those who already belong. Some have sought legislation or collective-bargaining provisions to meet the social, cultural, and economic needs of immigrants they represent. Others have set up programs to train immigrant workers for leadership positions and to defuse racial hostility, prejudice, mistrust, and intolerance.

Not all of these efforts have been successful, and some unions still ignore or contribute to the mistreatment of immigrants. But in the areas detailed below progress has been significant.

### Overcoming Language Barriers

The most immediate problem unions face as they increase their contact with immigrants is communication. Besides hiring organizers and staff members who are multilingual, many unions publish special materials in workers' native languages. Some reserve sections in their regular publications for articles in other languages.

The German labor federation, Deutscher Gewerkschaftsbund (DGB), for instance, produces thousands of infor-



mation sheets in six languages for monthly distribution to its immigrant members. The DGB's goal is to communicate important union policies and actions and to teach immigrants how the German labor movement functions.

Sometimes unions can reduce language barriers outside the workplace as well. Federatie Nederlandse Vakbeweging (FNV), the largest of two Dutch labor federations, sees itself as an advocate for immigrant workers. After hearing reports of difficulties and misunderstandings at social service offices, the FNV convinced the Dutch government to provide interpreters and to make forms and other materials available in immigrants' languages.

Ineke Ketelaar, FNV staff member responsible for immigrant issues, believes such efforts are valuable but wonders if the FNV has done enough to help immigrants learn Dutch. "Public schools, social welfare agencies, everywhere Dutch is taught for nothing or nearly nothing, but people didn't take advantage of the opportunities. We didn't consider that most of the older people had two or three jobs and were too tired to learn. We didn't think it was the task of the unions to teach Dutch. Now we think we should have tried the Swedish plan."

The "Swedish plan" grew out of a law entitling immigrant workers to 240 hours of employer-subsidized Swedish-language instruction on work time. Most workers who take advantage of the plan study Swedish in programs set up by Landsorganisationen (LO), the Swedish central labor federation which together with its member unions was instrumental in securing passage of the law.

About 25 percent of eligible workers have enrolled in the plan, but union leaders believe response would be much greater if employers were required to contribute funds for language training regardless of how many of their employees took part. Because employers currently pay according to the number of employees participating, they shy away from hiring immigrants who refuse to forego their right to language instruction, union leaders say. With the Social Democratic Party again holding a parliamentary majority, LO hopes to win needed changes in the law.

In the United States, both the International Ladies Garment Workers Union (ILGWU) and the Amalgamated

Clothing and Textile Workers Union (ACTWU) sponsor English-language classes—usually at the initiative of local unions. But, as in the Netherlands, classes are held after work or on weekends and are generally accessible only to those workers without heavy family responsibilities or a second job.

### Developing Immigrant Leaders

Unions on both sides of the ocean have come to see that future gains depend to a considerable extent on catching the interest and tapping the leadership potential of a membership which includes an increasing number of immigrants with little understanding of unions. Merely adding an overlay of material for immigrants to regular trade-union studies programs has worked less well than tailoring separate classes to immigrant needs and issues.

Pat Hughes, a regional officer of the British Trade Unions Congress (TUC), and Steve Faulkner, a labor educator, were among the first English unionists to see the need for a targeted approach. Working with members of the Indian Workers' Association, they developed specialized courses to increase the number of Asian shop stewards in the Birmingham area. All tutors for the courses are Asians, and many materials have been translated into Punjabi. Political issues like racism in the community and immigration control are discussed.

Taj Mohamed, a former bus driver and Transport and General Workers Union (TGWU) steward, is one of many who have learned from Hughes and Faulkner's experience. With support from the Bradford College Labor Studies Program, the government's Commission for Racial Equality, and several unions, Mohamed is developing courses for immigrants in the north of England who want to be more active in their unions. While learning how to coordinate union activities and represent others with grievances, workers will at the same time be building their ease and competence in English.

"For some immigrants, it's not enough to send them to the same education program that other workers go to and expect them to understand everything and speak their minds,"



Mohamed said. "We will bring immigrants up to the same level of understanding, so they can participate in the union as equals."

Programs designed to teach large numbers of immigrants the fundamentals of unionism would require far greater resources than are available to most local unions in the United States. But a few unions, such as the ILGWU and the Service Employees International Union (SEIU), have begun to develop special education programs, including classes on workers' rights under federal immigration laws.

### Contractual Rights

Another way that unions are beginning to meet special needs of their immigrant members is through the negotiation of contract provisions. Most often the language negotiated pertains to additional time off or religious observances. Some FNV contracts, for instance, allow Dutch workers to take a month off without pay in addition to annual vacation time. While native-born workers also use the provision, it is especially valuable to immigrants who need to return to their homelands to attend to family matters.

Unions in Germany, the Netherlands, and Britain have negotiated contract clauses relating to religious practice. Typical are FNV contracts permitting Moslems to pray five times daily, as required by religious law, and giving them the right to light duty during Ramadan and other periods of fasting.

Similar demands made by Arab auto workers in France—supported by the General Confederation of Labor (CGT)—have met stiff resistance from employers, some native-born workers, and even officials of France's socialist government, who have criticized "Islamic fundamentalists" for strikes over such issues, insisting that "religion has no place in factories." The CGT has, however, won demands for greater foreign-worker access to interpreters during workplace meetings.

### Building Unity and Understanding

Language training, leadership development, and other special programs have helped integrate many foreign-born workers into the ranks of organized labor. But cultural dif-

ferences and what is perceived as competition for jobs still breed fear, mistrust, and resentment of immigrants among some union members.

In their most extreme form, anti-immigrant feelings are expressed through membership in racist or extreme right-wing groups such as neo-fascist "National Fronts" formed in England and France. But, according to Ineke Ketelaar, a more frequently expressed attitude is simply, "Yes, we want them to be union members, but it can't cost too much. The priority is not the position or needs of foreigners, but the problems they may cause for the mainstream Dutch." Ketelaar, like many union leaders and staff members, opposes this view, arguing that immigrants and native-born workers must be unified in order to protect the labor movement's hard-won gains in wages and working conditions. These unionists are trying to build unity by developing workers' understanding of and appreciation for other cultures and by stressing the pragmatic need for solidarity.

German unions and churches sponsor an annual "Week of the Foreign Fellow Citizen" to help overcome prejudices about religion, eating habits, and other cultural differences that fuel antagonism toward Turkish workers. The theme for last year's celebration, "Overcome fears—become neighbors," assumed special significance in the wake of several violent incidents and a spate of right-wing propaganda directed at immigrants.

England's General and Municipal Workers' Union (GMWU) has a week-long course during which immigrant and native-born shop stewards discuss the beliefs and customs of their respective cultures, explore the roots of racism and ethnocentrism, learn about the legal rights of immigrants, and brainstorm about ways to make the union more responsive to the needs of immigrants and minorities. John Ball, a GMWU regional education director, says he developed the course because it is so difficult to "represent people when you don't understand much about who they are and how they live."

In the United States, far less effort has been directed toward encouraging workers to explore cultural differences and the issue of job competition. One reason is that a number of U.S. labor officials believe that immigrants *are* a threat to the job security of American workers. However sympathetic they may be toward the individual immigrant, they



fear a backlash from the union majority if they devote resources to workers "who don't really belong here." Other American union leaders believe that integration of immigrants into the ranks of organized labor is a natural process that does not require much active assistance. As in the past, they argue, time and the experience of working together will gradually reduce barriers and hostility between immigrants and the native-born.

This view ignores important differences between today's immigrants and those of previous generations. Europeans who came to the United States 75 or 100 years ago often had previous involvement in labor organizations or labor-based political parties that enabled them to influence the structure, direction, and leadership of the American unions they joined or, in some cases, formed.

Most recent immigrants, on the other hand, are by no means candidates for automatic assimilation into the labor movement. Many have experienced unions only as impotent appendages of repressive regimes or as highly politicized organizations dangerous to join. Some who are anti-communist refugees associate unions with the left-wing governments they are fleeing.

In addition, today's multi-racial and multi-ethnic workforces provide the ideal setting for employers to divide and conquer. U.S. electronics firms are among those employers who have deliberately filled their assembly lines with production workers from several immigrant groups. Vietnamese refugee Ngoc The Phan, a one-time Saigon labor lawyer now assisting unions in California, says employers "take advantage of our people's ignorance of their rights, the language barriers that exist, and the rivalries between different nationalities. They try to turn one minority against another—Chinese against Vietnamese, Vietnamese against Laotians, Mexicans against the Southeast Asians, and the American workers against all of them."

### Working with Community-Based Advocacy Groups

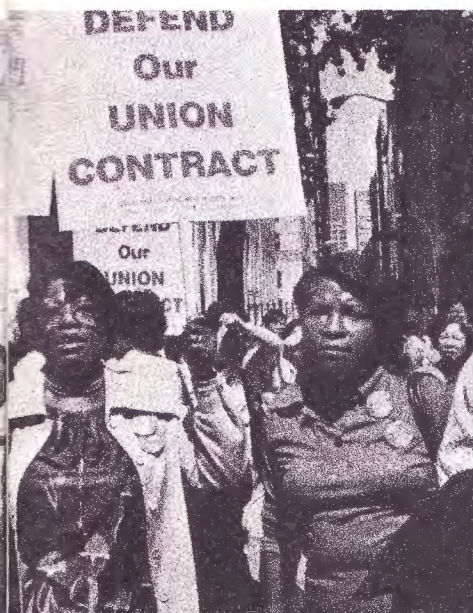
European and American unions have been most successful in overcoming such obstacles to workplace unity and union organizing when they use a community-based approach. Most often this means supporting and working with inde-

pendent advocacy groups. For example, in Northern California's Santa Clara County, where thousands of immigrants from Asia and Latin America work in the booming non-union electronics industry, the local AFL-CIO central labor council has helped a group of Vietnamese form an organization called the League for Southeast Asian Labor Advocacy. The League offers employment counseling, teaches immigrants about U.S. labor law and unions, helps them fight unfair labor practices and minimum-wage violations, and provides translations so that immigrants can participate more actively in union organizing and community affairs. Unionists and labor educators involved with the League see it as a long-term organizing strategy that will make the community more aware of and sympathetic to unions.

British trade unionists have developed similar ties to existing organizations of Indian and Turkish workers. In the London borough of Hackney, a garment industry center, the local TUC Support Unit has worked closely with the Turkish Workers' Association to organize education meetings conducted in Turkish, translate union materials, and support strike activity by area garment workers. England's largest union, the TGWU, has organized immigrants employed by London's hotels and restaurants into a special international branch with separate foreign-language sections for Turkish, Greek, Filipino, and Latin American workers.

In France, both the CGT and the Democratic French Labor Confederation (CFDT) are organizing immigrants in previously unorganized sectors using a similar strategy. CFDT organizing efforts among Turks in the garment industry and Malian workers employed on the Paris Metro relied heavily on community organizations and leaders cultivated or supported by the unions involved. CGT's increasingly successful organizing of North African immigrants at Paris-area auto plants operated by Citroen and Talbot began with contacts made outside the workplace during union-supported struggles for better conditions in immigrant-worker dormitories and housing projects.

To the extent that some British, Dutch, French, and American unions have become more active and aggressive in opposing deportations, they have also been able to reduce the widespread fear of employer retaliation that inhibits union organizing among immigrants. U.S.-based unions, such as the ILGWU, SEIU, and the Retail, Wholesale, and



## Western European Trade Unions Insist Upon Equal Rights For Foreign Workers

*So many foreign workers were recruited between 1960 and 1973 that they came to comprise 10 percent of the work forces of France and Germany and 25 percent of Swiss workers. While opposed to the scale of government-sponsored recruitment, major trade unions in these countries have gradually emerged as staunch defenders of foreign-worker interests. Mark Miller and Philip Martin describe the evolution of union commitment in this excerpt from Administering Foreign-Worker Programs (Lexington Books, 1982).*

**W**ESTERN EUROPEAN UNIONS have supported equal economic and, to a lesser extent, social rights for foreign workers since the advent of postwar immigration policies. Although unions deserve much of the credit for seeing that foreign workers got their rights, it would be inaccurate to say that the foreign worker-Western European trade union relationship has been easy or exemplary. The trade unions did not pay much attention to the specific needs of foreign workers until the late 1960s and early 1970s, and this inattention, at times exacerbated by the prejudices of some rank-and-file unionists, resulted in a certain foreign-worker disaffection from the unions, manifest in foreign-worker wildcat strikes with antiunion overtones. This situation began to change only as the numbers of foreign workers grew enormously in the late 1960s and as union leaderships realized the consequences of not integrating foreign workers into union structures. Consequently the union's indifference toward foreign workers gave way to union efforts to organize foreign workers and to articulate their specific interests. . . .

Foreign workers can create their own autonomous unions, but no significant such unions exist. In France, an autonomous union as an association of aliens would require special police authorization which would likely prove difficult to obtain because French employers and unions would oppose it. There are, however, significant


foreign-worker cultural and national associations, which affiliate with or encourage their members to join existing unions and thus exert a somewhat autonomous influence in union affairs. These include the 60,000-member Amicale des Algériens en Europe (AAE) in France and the Federazione Colonie Libere Italiane (FCLI) and Association des Travailleurs Emigrés Espagnols en Suisse (ATEES) with 15,000 and 5,000 members, respectively, in Switzerland.

Foreign-worker participation in unions reflects prevailing unionization patterns in the respective host countries. The overall unionization rate in Germany is comparatively high (around 40 percent) and so is that of guest workers (around 35 percent). Estimates of foreign-worker unionization rates in Switzerland and France are 20 and 10 to 15 percent, respectively, compared to 30 and 23 percent for the two work forces as a whole. . . . All indications are that the foreign-worker unionization rate will equal or exceed that of indigenous workers in the near future. In the German steelworking industry, the unionization rate of foreigners (52.7 percent) exceeded that of German workers (52.3 percent) by 1975. . . .

As union members, foreign workers can vote in union elections, and, except for [a few] lingering French restrictions, can be elected to shop steward and union leadership positions. They also can vote for and be elected to works councils in all three countries. Especially in Germany, works councils have significant influence in determining work hours, production tempos, hiring, vacation times, disciplinary proceedings, layoffs, and other employment-related matters. French and Swiss systems of industrial democracy are much less developed, and their works councils correspondingly are less influential.

The growing importance of foreign workers in trade unions and union efforts to become more responsive to foreign workers have resulted in a significant increase in foreigners' being elected to union and works-council positions. While still underrepresented, foreign-worker stewards in Germany increased from 642 in 1967 to 2,487 in 1970 and 5,719 in 1973. Currently, about three percent of Germany's 195,000 works council members are migrants.

Department Store Union (RWDSU) vigorously protested the roundup of immigrant workers conducted in 1982 by the Immigration and Naturalization Service as part of Operation Jobs. In France and England, the assistance of CFDT- and TUC-affiliated unions in "legalization" campaigns involving groups of immigrant workers targeted for deportation has markedly increased their stature and appeal in immigrant communities.

On both sides of the Atlantic, the labor movement is finding that these closer ties with immigrant communities can eventually be translated into union memberships. "Unions have to show immigrants that they understand their cultural patterns and are willing to help them with their immediate problems," says labor educator Jim Potterton, an advisor to the League of Southeast Asian Labor Advocacy. "That's the foot in the door." 

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# Saying Goodbye to Hazardous Waste Dumps

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*The uncontrolled use of landfills for the disposal of hazardous waste is today frowned on everywhere in the industrialized world. But not all governments have been quick to cooperate with industry in devising easily accessible alternatives. The United States lags years behind several European countries in this regard. In the following article, reprinted from the September 1983 issue of Planning magazine, Michael Paparian describes the government-industry partnerships that operate three centralized facilities he visited last spring on a Fund-sponsored tour in Denmark and the German states of Bavaria and Hesse.*



**F**EW AREAS OF THE UNITED STATES remain untouched by the problem of disposing of hazardous waste. At this point, however, most places continue to rely on land disposal of untreated waste—a flawed method at best—and there is little coordination between government and industry to resolve the problem.

In contrast, several European countries have instituted comprehensive systems for hazardous waste disposal that are the envy of U.S. observers. Denmark and parts of the Federal Republic of Germany, for example, are noted for their government-industry partnerships, accessible collection points, bans on land disposal of untreated wastes, and emphasis on recycling and recovery of waste products.

Attitudinal differences are noticeable as well. While government regulators in this country often seem to view hazardous waste disposal as a necessary evil that they would rather not have to deal with, the European regulators I talked to on a recent visit expressed great pride in their systems. Perhaps the recently installed Danish environmental minister, Christian Christensen, summed up the differences best when he referred to the hazardous waste facility at Nyborg as “a flower which is put in the lapel of any environment minister.”

## **Governments Are Partners with Industry In Treatment Centers**

The government-industry partnership in Europe is particularly interesting. In both Germany and Denmark, there are nonprofit hazardous waste disposal facilities that are owned and operated jointly by industries and local or state governments. Fees tend to be set high enough to cover the costs of treatment and disposal.

An example is GSB, Ltd., which was established by the state of Bavaria in 1970. The company is owned cooperatively by the state, several municipalities, and 76 industrial firms. The state is the major partner (40 percent); the other two partners own 30 percent each. According to Franz Defregger, director of waste management for the Bavarian environmental ministry, GSB's mission is to provide and operate facilities for the treatment of hazardous waste and the recovery of raw materials from hazardous waste all over Bavaria. GSB operates 10 regional collection centers, which provide pretreatment and grouping for transportation to one of three centralized waste disposal facilities. At the centralized facilities, waste can be detoxified, recovered for reuse, or incinerated.

Hesse is another West German state that uses the government-industry partnership model. “In states without such strict laws,” says Gunter Erbach, manager of the waste facility at Biebesheim, “there is too much competition for the waste. Waste managers seek to outbid each other and then cannot afford the appropriate treatment. With the involvement of the state, we are not allowed to make any compromises on treatment.”

Denmark, being a smaller country, approaches facility ownership slightly differently. Danish municipalities have banded together in an association with powers similar to those of the states in other countries, and this group plays

a strong role in the country's governance. Thus, when it came to development of the hazardous waste disposal facility at Nyborg, the ownership was divided between the Danish National Association of Local Authorities and several industries. This arrangement resulted in a system of waste collection, treatment, recycling, and disposal that many consider the most advanced in the world.

### Collection Stations Scattered at Many Locations

Both the Federal Republic of Germany and Denmark have established collection stations for hazardous materials. The collection station system is particularly helpful in keeping costs down for generators of small amounts of wastes, which would otherwise have difficulty in transporting them to the disposal facilities.

In general, the collection stations accept all wastes, including such agricultural wastes as pesticide residues. They do not accept radioactive or explosive wastes, which require different treatment. Denmark has 21 collection points for industry and 275 collection stations for such household waste as paints and solvents. The wastes are grouped together at the collection stations for transport to a treatment and incineration facility. In all cases, the material is tracked from the generator to the disposal site so that no waste is lost or illegally dumped in transit.


Land disposal of untreated hazardous waste is strictly forbidden in both Denmark and Germany. Waste generators are encouraged to recycle waste components—acids and metals, for example—whenever possible, either by themselves or through a recycling firm. The generator sends any nonrecycled waste to a collection station or directly to the central treatment/disposal facility. At the central facility,

further recycling may take place. Any remaining material is treated to solidify it and reduce the toxicity, or it is burned in a rotary kiln incinerator. Fees for disposal are based on the difficulty of disposing of the material. The facilities actually pay for wastes that aid the incineration process, such as contaminated oil.

The treated waste and the ash from the incinerator are disposed of in a specially designed secure landfill. The landfill is lined with many layers of clay and impervious plastic to avoid leakage and includes a leachate system to collect rainwater or other liquids passing through the site. Wastes are carefully mapped as they are placed in the landfills so they can be identified and recovered if problems develop or if future processes allow for recycling.

The rotary kiln incinerator operates at about 1000° C to ensure complete destruction of all organic material. Waste heat is used to generate electricity. Emissions from the incinerator are treatable with standard control technologies.

Hazardous wastes considered too dangerous for incineration or land disposal are stored for recovery at a time when disposal and recycling techniques have become more advanced. Germany uses a salt mine for storage. In contrast, in the United States, wastes that we don't know what to do with are simply placed in metal drums and stored, sometimes at relatively insecure sites.

With public confidence in the United States at a low point about the ability of government and industry to deal with hazardous wastes, it is instructive to review the western European model. The emphasis on recycling alone has reduced by half the quantity of waste that must be treated. The coordinated approach assures government, industry, and the public that hazardous wastes will be disposed of safely and responsibly. 

# newGrants

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## EMPLOYMENT

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### Not Working: Displaced Adults, Unskilled Youth

The number of unemployed blue-collar workers rose from 2.5 million to 5.5 million between 1979 and 1982, as the U.S. workforce felt the brunt of recessionary forces, technological change, and keen foreign competition. The current recovery has alleviated some of the worst impacts, but manufacturing

employment will never regain its former levels. As many as 1.5 million workers in the heavy manufacturing areas of the Midwest and the Northeast are considered displaced or dislocated, that is, unlikely to return to their previous occupations because their skills have become obsolete or because of fundamental changes in the smoke-stack industries.

There has been much discussion about policies and measures that might cushion these dislocated workers through periods of adjustment and eventually

return them to productive jobs. However, U.S. officials have far less experience with successful programs than do their counterparts in several other countries, including the Federal Republic of Germany and Sweden.

To enable interested members of the U.S. Congress to learn more about programs that Germany and Sweden have developed to meet the needs of displaced workers, the Fund is supporting a Congressional study tour with a grant of \$29,500 to the **Northeast-Midwest Institute**. The Northeast-Midwest

Congressional Coalition, a bipartisan policy study group supported by 196 House members, has organized a ten-day visit to Germany and Sweden during the Congressional winter recess for six House members: Representatives Mary Rose Oaker (D-Ohio), Berkley Bedell (D-Iowa), Bob Traxler (D-Michigan), William F. Clinger, Jr. (R-Pennsylvania), Bernard J. Dwyer (D-New Jersey), and Jim Moody (D-Wisconsin). The group is meeting with government, labor, and industry officials, including members of the tripartite labor market boards which monopolize job placement in the two countries and also provide vocational training.

Because they are particularly interested in how training and retraining programs are matched to labor-market needs, the legislators will visit several training centers. In both Sweden and Germany, employed as well as unemployed workers have the opportunity to receive free training or retraining at intervals during their careers. At any one time between one and two percent of the work force in each country is in publicly supported training.

To illustrate more fully how they plan for change, whether upcoming layoffs or new industrial processes, German labor-market officials will accompany their Congressional visitors to the Thyssen steel plant in Duisberg and to the Ford Motor Company Training Center in Cologne, which is preparing for future mass layoffs. In Sweden the group will observe the provision of job-search assistance through the nationwide computerized job bank.

Members of Congress and federal administrators are by no means the only American government officials to take an interest in the adjustment problems of dislocated workers. The Job Training Partnership Act of 1982 authorized the states to spend \$350 million over two years for services on their behalf, including training, counseling, job search assistance, social services, pre-layoff assistance before a plant actually closes, and, under certain circumstances, relocation assistance. The states are free to choose whomever they want to deliver a program, but there are coordination and consultation require-

ments involving local private industry councils, state job training coordinating councils, and labor unions.

The chief problem that the states have encountered is that neither the officials charged with these new responsibilities nor their nongovernmental partners have much experience in coordinating and managing programs for displaced and disadvantaged workers, including unskilled youth. To expose some of these practitioners to administrative systems and forms of public-private collaboration in program development that are only in the discussion stage in this country, the Fund has made a grant of \$32,000 to the **National Governors' Association**. Early in April, immediately prior to the Spring state planning cycle, the NGA will lead a dozen high-level state employment administrators and private-sector advisors on a study tour to Denmark and the Federal Republic of Germany. In Germany the group will focus particularly on the governance, finance, and integrated delivery of training services. In Denmark they will be paying particular attention to job creation and job offer schemes for youth and adults.

**Project Contacts:**

Laurence Zabar, Northeast-Midwest Congressional Coalition, 530 House Annex No. 2, Washington, DC 20515.

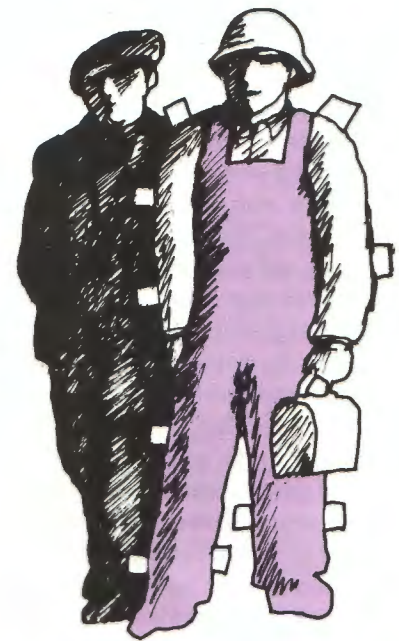
Evelyn Ganzglass, National Governors' Association, 444 North Capitol Street, Washington, DC 20001.

Several other grants were also made in the employment program:

**Bank Street College of Education, \$18,000**, to continue an international exchange of researchers between work sites and research institutions in Britain, Germany, and the United States, and for American participation at an international meeting on corporate policies to minimize conflict between employees' work and child-care responsibilities. (Ellen Galinsky, Work and Family Life Study, BSCE, 610 West 112th Street, New York, NY 10025)

**Cornell University, \$6,500**, travel support for European participants at an October 1983 Cornell conference on women and labor market policy. The conference marks the 80th birthday of Alice H. Cook, a noted researcher/activist in comparative women's studies and employment issues. (Jennie Farley, New York State School of Industrial and Labor Relations, CU, P.O. Box 1000, Ithaca, NY 14853)

**Industrial Cooperative Association, \$22,000**, to study the managerial and financial practices of Caja Laboral Popular, the innovative bank of the Mondragon, Spain,



cooperatives. The bank's Business Planning Manual will be translated and adapted for use by American cooperatives. (Steven Dawson, ICA, 249 Elm Street, Somerville, MA 02144)

**Urban Institute, \$10,000**, travel support for 12 British and German experts to meet at the Spring Hill Center in Minnesota with American practitioners who are studying ways to improve capital planning, capital management, and capital budgeting of municipal infrastructure. (Harold Wolman, UI, 2100 M Street, N.W., Washington, DC 20037)

In the same program area, a travel/study grant was awarded to:

**William F. Whyte**, Professor Emeritus of the New York State School of Industrial and Labor Relations, Cornell University, \$2,000, to conduct interviews on the development of the Mondragon cooperatives in Spain for a book in progress.

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## ENVIRONMENT

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### Hazardous Waste: Congress and the States Look to Europe

Landfills have been absorbing nearly all of the hazardous waste generated in the United States—an awesome volume approaching 65 million tons a year. Very recently, however, regulations resulting from the 1976 Resource Conservation and Recovery Act have forced several states to restrict or prohibit landfill use. Without containment and collection systems to prevent them from

leaking, landfills have been deemed safe only for the residue from processes such as incineration or chemical treatment.

State administrators trying to comply with the new federal standards have looked about without success for model legislation addressing the range of technological, economic, environmental, social, and political issues involved. The United States has neither large-scale, integrated hazardous-waste treatment facilities nor coordinated government-industry approaches to solving the problem.

In contrast, the comprehensive systems and government-industry partnerships in some European countries are the envy of U.S. observers, according to hazardous-waste specialist Michael Paparian. Writing elsewhere in this issue (pages 15-16), Paparian describes three approaches that he and a dozen other members of the California Hazardous Waste Management Council (HWMC) learned about on a Fund-sponsored tour last spring in Denmark and the German states of Bavaria and Hesse. The first-hand information acquired on the trip, both at disposal facilities and in meetings with local and state-level officials, has been used this fall by the HWMC advisory group in the preparation of a hazardous-waste facility siting and permit process for California.

To make the findings much more widely available, the Fund has made a grant of \$15,265 to the **California Foundation for the Environment and the Economy**. In conjunction with the Sierra Club, CFEE will develop a handbook, *Alternatives to the Land Disposal of Hazardous Waste—the European Experience*, describing the different types of systems and institutional arrangements observed on the trip and incorporating alternative approaches identified in other Fund-sponsored projects and internships. Though intended primarily for practitioners and policymakers, the handbook should also prove useful to citizen groups. Because Europeans as well as Americans have experienced the virtual impossibility of siting a facility against significant local opposition, the authors will emphasize that public education and acceptance early on is critical to siting and operation of facilities.

While the states are struggling to set up processes for controlling the disposal of *current and future* hazardous waste, the U.S. Congress is beginning a reexamination of the country's first attempt to deal with hazardous waste disposed of improperly in the *past*—the so-called Superfund established in 1980. One proposal receiving serious consideration is changing the basis of the Superfund tax from the chemical feedstocks to the wastes which are generated. The tax would be applied only to those wastes which were disposed of or placed into long-term storage; there would be no tax on treated or recycled wastes.

In considering this proposal, which would create a direct cost link between products and wastes created in their manufacture, the House Committee on Energy and Commerce has identified three key concerns: Does the U.S. government have adequate data to enforce a waste-fee tax? What problems are encountered in recycling hazardous wastes or placing them into long-term storage until such time as a cost-effective use can be found? Which decision processes get best results in facility-siting discussions and what role do transportation systems play in those decisions? Because there is much more experience with all of these issues in the European countries with advanced hazardous waste systems, the committee has planned a trip this month for staff to meet with government policymakers in Denmark, France, and the Federal Republic of Germany, and to learn about the technologies being used in those countries.

In support of the trip, the Fund has made three travel grants totaling \$10,000, as well as a grant of \$3,000 to the **Institute for European Environmental Policy** to assist in European preparations and to provide expert assistance as needed. The Institute, which has worked with the Fund for four years in developing a European internship program for U.S. professional environmentalists, maintains close ties to the European Communities and to national parliaments, ministries, and other policymaking bodies.

**Project Contacts:**

Peter J. Fearey, California Foundation for

the Environment and the Economy, 215 Market Street, San Francisco, CA 94105.

Konrad von Moltke, Institute for European Environmental Policy, Aloys Schulte Strasse 6, 5300 Bonn 1, FRG.

Another recent grant in the environmental area was made to:

**American Academy of Arts and Sciences**, \$24,000, for the January 1984 International Forum on Science for Public Policy sponsored by the International Institute for Applied Systems Analysis. The Forum will seek to identify practical measures that could make the contribution of scientists more useful to policymakers. (Chester Cooper, Institute for Energy Analysis, 1346 Connecticut Avenue, N.W., Washington, DC 20036)

Travel/study grants were awarded to:

**Antarctica Project**, Washington, DC, \$2,000, for participation in a nongovernmental educational effort in conjunction with the mineral-resource discussions of the Antarctica Treaty parties in Bonn and, earlier, in a related symposium at the Institute for International Law in Kiel.

**Anthony Long** of the Council for the Protection of Rural England, \$800, to study how U.S. land-use planning in rural areas takes account of the increasing threat of soil erosion and pollution.

**Hubert David** of the European Environment Bureau, Brussels, \$1,000, for a speaking tour to U.S. environmental organizations.

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## SPECIAL GERMAN PROGRAM

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*This new supplement to the Fund's regular programs is described on the back cover of this issue.*

### American Colleges Get A German Perspective

"You [Americans] need to build a bridge between pure science and practical application on the factory floor," the visiting German economist told *Challenge* magazine in 1982. "Our apprenticeship programs give those who join the labor market a high degree of skill, training, and experience that is missing here."

Today that visitor, Dr. Ulrich Steger, a highly respected Bundestag member representing the Social Democratic party, is planning to take another look at the educational system in the United States—this time as one of two GMF Campus Fellows initiating a new Fund program that, over three years, will bring 18 prominent Ger-

TRANSATLANTIC PERSPECTIVES



mans from a variety of professional backgrounds for short visits to small U.S. liberal arts colleges. To administer the first year of the program, the Fund has made a grant of **\$21,450** to the **Woodrow Wilson National Fellowship Foundation**, which will handle the programming as a special segment of its existing Visiting Fellows Program.

GMF Campus Fellows will spend a week at each of two campuses to talk with students and teachers about current events and thinking in Germany. In each case, the small college community will have the opportunity, not often available to it because of its distance from metropolitan centers, to meet and spend time with a respected European figure who may bring a somewhat unfamiliar perspective to topics of mutual interest. In turn, the Fellows will have the opportunity to gain an impression of the ideas and concerns of young Americans.

Dr. Steger will visit Clark University in Worcester, Massachusetts, and Lake Forest College in Lake Forest, Illinois, in late February-early March, 1984. A month later, the second Campus Fellow to be appointed, Peter von der Heydt, a Cologne banker and former Bundestag member from the Christian Democratic party, will spend two weeks at Lawrence University in Appleton, Wisconsin, and Hillsdale College in Hillsdale, Michigan.

A second component of the new Special German Program has also been launched this fall with a grant of **\$15,626** to the **Institute for International Education**. Under the pilot project of the Young Teachers Program, three young Germans who are preparing for careers as high-school teachers of English language, American studies, or geography, are expanding their knowledge of American life and culture while spending an academic year at an American college. The young teachers-to-be assist 12 hours per week in German language courses.

#### **Project Contacts:**

Judith Pinch, Woodrow Wilson National Fellowship Foundation, Box 642, Princeton, NJ 08540.

Nina Davis Miles, Institute for International Education, 809 United Nations Plaza, New York, NY 10017.

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## OTHER RECENT GRANTS

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### Institute for International Economics

**Institute for International Economics**, \$910,000, third year of core support for new nonprofit research institution. (C. Fred Bergsten, IIE, 11 Dupont Circle, N.W., Washington, DC 20036)

### U.S.-European Economic Issues

**Centre d'Etudes Prospectives et d'Informations Internationales**, \$12,500, for a private meeting of high-level government officials and nongovernmental experts to discuss new policy approaches addressing the interrelationships between trade policy and international monetary policy. (Yves Berthelot, CEPPI, 9, rue Georges Pitard, 75015 Paris, France)

**Robert B. Reich**, \$12,600, for a study on government response to the failure of the German firm A.G. Telefunken, supplementing case studies on four other large-firm failures: in the United States, Chrysler, International Harvester, and Conrail; and in Japan, Toyo Kogyo. (Robert B. Reich, Kennedy School of Government, Harvard University, 79 Boyston Street, Cambridge, MA 02138)

### U.S.-European Relations

**American Council on Germany**, \$6,000, to supplement previous support for the 12th Biennial German-American Conference. (David Klein, ACG, 680 Fifth Avenue, New York, NY 10019)

**American Political Science Association**, \$24,000, to support two West German Congressional Fellows as professional staff assistants for members of Congress in 1983-84: Werner Jann, assistant professor at the Post-Graduate School of Administrative Sciences, Speyer am Rhein; and Armgard von Reden, doctoral candidate at the Georg August University, Göttingen. (Catherine Rudder, APSA, 1527 New Hampshire Avenue, N.W., Washington, DC 20036)

**Aspen Institute for Humanistic Studies**, \$11,000, to support two European Fellows at 1983 summer seminars: Horst Teltschik, assistant to German Chancellor Helmut Kohl, and Professor Patrizio Bianchi, University of Bologna and director of Nomisma. (Mary Morrisett, AIHS, 717 Fifth Avenue, New York, NY 10022)

**Atlantik-Brücke**, \$18,000, for two-week programs of German travel by a dozen young U.S. reporters and editors interested in international affairs. (Dr. Peter Pechel, A-B, Bonn-Center A111 403, 5300 Bonn 1, FRG)

**Council on Foreign Relations**, \$50,000, for dissemination in Europe of monographs resulting from a project on "The Widening

Atlantic: Core Issues in European-American Relations." (Paul Kreisberg, CFR, 58 East 68th Street, New York, NY 10021)

**French-American Foundation**, \$8,000, travel support for the 4th French-American Young Leaders Meeting, held at St-Paul-de-Vence, France, in October 1983. (Arthur King Peters, F-AF, 825 Third Avenue, New York, NY 10022)

**Harvard/German Workshop on American Politics**, an allocation of \$20,000 for the Fund's administrative costs in organizing the second week of a two-week workshop for 15-18 younger Germans who are rising toward leadership positions in their own country. The first week is to be spent in Boston-Cambridge; the second divided between Washington and localities with lively political campaigns.

**U.S. Association of Former Members of Congress**, \$10,000, for a dinner meeting bringing members of Congress together with 30 members of the German Bundestag visiting Washington for Tricentennial activities. (Jed Johnson, USAFMC, 1733 Connecticut Avenue, N.W., Washington, DC 20009)

### Marshall Memorial Fellowships

\$314,000 allocated for **Marshall Memorial Fellowships** to bring politically involved young professionals to the United States for six-to-eight week programs: \$106,000 for fellows from Denmark, France, and the Netherlands; \$208,000, from Special German Program funds, for fellows from the Federal Republic of Germany.

### Scholarly Organizations

**Consortium of Social Science Associations**, \$1,000, for a Capitol Hill seminar examining the impact and role of foreign area studies, national exchanges, and foreign language competence in U.S. economic competitiveness abroad. (Roberta Miller, CSSA, 1755 Massachusetts Avenue, N.W., Washington, DC 20036)

**Harvard University**, \$10,000, to develop a format and test demand for a "German Studies Newsletter." (Prof. James Cooney, Center for European Studies, HU, 5 Bryant Street, Cambridge, MA 02138)

### Urban Affairs

**Council for International Urban Liaison**, \$5,000, to assist the Konrad Adenauer Foundation in U.S. preparations for a professional internship program to be established in 1984. (George Wynne, CIUL, 818 18th Street, N.W., Washington, DC 20006)

Travel/study grants were awarded to:

**C. Peter Behringer** of Multi-family Housing Services, Baltimore, and **Steven Bloomfield** of the municipal Department of Neighborhood Housing and Conservation, Cincinnati, \$4,750, to review HSB (the Swedish national nonprofit housing corporation) for possible relevance to the de-

velopment of U.S. cooperative housing.

**Michael J. Pittas** of the Design Arts Program, National Endowment for the Arts, \$2,400, to accompany a study tour organized by Partners for Livable Places examining how London, Paris, Munich, and Stockholm have used design competitions for public works projects.

### Immigration

\$16,000 allocated for an international conference, involving members of Congress and high-level government administrators, on industrialized-country experience with employer sanctions and with methods of adjudicating growing numbers of asylum claims.

### Energy Conservation

Travel/study grants were awarded to:

**Paul Kando** of the National Association of Home Builders Research Foundation, \$450, and **Stuart Sloame** of the U.S. Department of Housing and Urban Development, \$2,185, to participate in a Congressional study trip on Swedish energy-efficient residential construction techniques.

### Media

**Duke University**, \$24,168, to enable four European journalists to spend two months each in the Professional Journalism Program. The first Duke/Marshall Fellow is Menso Heyl of the *Hamburger Abendblatt*.

(James David Barber, Center for the Study of Communications Policy, DU, 214 Perkins Library, Durham, NC 27706)

**Fondation Franco-Americaine**, \$4,800, in support of two-month internships for two French journalists at *The Cleveland Plain Dealer* and *The Anchorage Times*. (Mme. France Bursaux, FF-A, 38, avenue Hoche, 75008 Paris, France)

**International Writers Service**, \$78,000, eighth-year core support for a service distributing two articles a week on economic, social, technological, and political trends abroad. Contributors are journalists in Britain, France, Germany, Italy, Sweden, Denmark, Canada, Australia, and Japan. (Stanley Karnow, IWS, 1220 National Press Building, Washington, DC 20045)

**Stanford University**, \$11,500, for the 1983-84 GMF Journalism Fellowship. (Lyle Nelson, Department of Communication, SU, Stanford, CA 94305)

\$25,000 allocated to development of a documentary film on the post-Second World War period, with specific focus on the Marshall Plan.

Travel/study grants were awarded to:

**Annabelle Gomez**, of the French television network Antenne 2, \$3,000, to investigate how American institutions, both public and private, deal with young immigrants—for purposes of developing a television program comparing U.S. and French approaches.

**Stephen Hess**, of the Brookings Institution, \$1,742, to interview French and British foreign-news editors and American re-

porters abroad as part of ongoing research on foreign reporting.

### Other

**George Washington University**, \$20,000, for a study tour led by the Chief Justice of the United States to examine prison industries in Denmark and Sweden. (President Lloyd H. Elliott, GWU, Washington, DC 20052)

**Independent Commission on International Development Issues**, \$10,000, for distribution of the publication *Common Crisis*, describing major changes in international relations and in the world economy in the three years since the Brandt Commission published its recommendations on improving North-South relations. (Gerhard C. Thiebach, ICIDI, P.O.Box 198, CH-1211 Geneva 20, Switzerland)

**University of Minnesota**, \$8,500, for the first of two practitioners' workshops (the second to be held in Heidelberg in 1985) comparing German and American juvenile-justice practices. (Professor Walter Baeumler, Department of Sociology-Anthropology, UM, 228 Social Science Building, Duluth, MN 55812)

**Wissenschaftszentrum-Berlin**, \$12,000, for a December 1983 conference, cosponsored with Stanford University, to synthesize the results of extensive reviews of crossnational research in the areas of economic, environmental, social, and educational policy, and to identify common issues and problems in the conduct of this type of research. (Dr. Meinolf Dierkes, W-B, Griegstrasse 5-7, D1000 Berlin 33, FRG)

# bookNotes

## NEW PUBLICATIONS RESULTING FROM FUND GRANTS

### **The Computerized Workplace**

#### **Office Automation: Jekyll or Hyde?**

Edited by Daniel Marschall and Judith Gregory. Working Women Education Fund (1224 Huron Road, Cleveland, OH 44115) 229 pp. \$12.95 (+ \$1.50)

*The Fund supported both the publication of this book and the international conference which it highlights.*

"The mere mention of the term automation seems to conjure up three

myths," MIT professor Harley Shai-ken told the opening session of the International Conference on Office Work and New Technology convened by 9 to 5, the National Association of Working Women, in Boston in October 1982. The three myths, he said, are that office automation is always more productive, that it improves the quality of life on the job under all circumstances, and that the employment impacts will take care of themselves.

Judging from the 35 conference presentations collected in this book, it is doubtful that many of the 350 participants—25 of them from European

countries or Canada—came away from the conference imagining that the potential benefits of automation technology will be realized automatically or that the social costs are non-existent. From leaders in the field—professors and researchers, trade unionists, computer skills instructors, occupational health experts, computer-industry and other corporate officials—as well as individual office workers, an abundance of information is provided on such key problem areas as job loss, retraining, job design, the quality of work, collective bargaining, and hazards to health and safety.

TRANSATLANTIC PERSPECTIVES



But more important, according to the introduction by Karen Nussbaum, 9 to 5's executive director, the conference established that "viable alternatives in the use of new technology do exist and have been successfully put into action. Of this, our European colleagues presented ample proof. . . . From their presentations, American participants gained a new understanding of the choices facing all of us as we shape the office of the future."

## Getting the Public Involved

### Paternalism, Conflict, and Coproduction: Learning from Citizen Action and Citizen Participation in Western Europe

by Lawrence Susskind, Michael Elliott, and Associates. New York: Plenum Press. 374 pp. \$32.50

*This Fund-sponsored examination of citizen participation experiments in seven European countries is directed especially toward city officials and citizen activists.*

This book is organized around three patterns of citizen participation and action: *paternalism* (in which municipal decisionmaking is highly centralized and advice giving by citizens is either discouraged or closely managed by government officials), *conflict* (in which centralized decisionmaking is dominant but resident and consumer groups struggle openly to wrest control over certain decisions), and *coproduction* (in which decisions are made through face-to-face negotiation between decisionmakers and those residents claiming a major stake in particular

decisions). Chapter 1 describes these patterns in detail, using examples from the stories told throughout the remainder of the book; analyzes how and why these patterns of participation arise and change; and summarizes the most important ideas for action that emerge from the writers' reflections on the European experience. . . .

Chapters 2 and 3 discuss examples of paternalistic patterns of participation in Copenhagen, Denmark; Delft, the Netherlands; and the borough of Camden in London. Chapters 3 through 6 describe conflict as a long-range strategy (in the Docklands and Covent Garden areas within London and also in the city of Coventry, some 80 miles to the northwest) and as a short-range tactic (in Paris, Brussels, and Switzerland). Chapters 7 through 9 emphasize coproduction in Madrid, the Hague, Rotterdam, and Helmond (the Netherlands). . . . The epilogue offers a very brief reflection on the problems of transatlantic comparative research—especially research that seeks to influence public policy.

(From the Preface by Lawrence Susskind and Michael Elliott)

The following are other recent publications resulting from or related to Fund grants:

**Arms Deal: The Selling of the F-16** by Ingemar Dörfer. New York: Praeger Publishers, 1983.

**Common Crisis: North South Cooperation for World Recovery** by the Independent Commission on International Development Issues. Cambridge: MIT Press, 1983.

**Cutback Management: A Trina-tional Perspective.** Learning from Abroad #6. Edited by George G. Wynne. Council for International Ur-

ban Liaison (818 18th Street, N.W., Washington, DC 20006), 1983.

**The Dislocated Worker: Preparing America's Work Force for New Jobs** Edited by William H. Kolberg. Seven Locks Press (P.O. Box 37, Cabin John, MD 20818), 1983.

**Environmental Regulation of Industrial Plant Siting: How to Make It Work Better** by Christopher J. Duerksen. Conservation Foundation (1717 Massachusetts Avenue, N.W., Washington, DC 20036), 1983.

**Jobs in the 1980s and 1990s: A Sourcebook for Policymakers** by Harvey Lauer. Aspen Institute for Humanistic Studies (Publications Office, P.O. Box 150, Queenstown, MD 21658), 1983.

**Managing Global Debt** by Richard S. Dale and Richard P. Mattione. Brookings Institution (1775 Massachusetts Avenue, N.W., Washington, DC 20036), 1983.

**A Model of Exchange Rate Determination with Policy Reaction: Evidence from the Monthly Data** by William H. Branson. Working Paper No. 1135, National Bureau of Economic Research (1050 Massachusetts Avenue, Cambridge, MA 02138), 1983.

**Putting the Work Ethic to Work: A Public Agenda Report on Restoring America's Competitive Vitality** by Daniel Yankelovich and John Immerwahr. Public Agenda Foundation (6 East 39th Street, New York, NY 10016), 1983.

**Il Sindacato nell'America di Reagan** by Tiziano Treu et al. Rome: Edizioni Lavoro, 1983.

**Unionism, Economic Stabilization, and Incomes Policies: European Experience** by Robert J. Flanagan, David W. Soskice, and Lloyd Ulman. Brookings Institution (1775 Massachusetts Avenue, N.W., Washington, DC 20036), 1983.

**Work and Human Values: An International Report on Jobs in the 1980s and 1990s** by Daniel Yankelovich, Hans Zetterberg, Burkhard Strümpel, Michael Shanks, et al. Aspen Institute for Humanistic Studies (Publications Office, P.O. Box 150, Queenstown, MD 21658), 1983.

# the Institute for International Economics

*The Institute for International Economics, a private, nonprofit research institution for the study and discussion of international economic policy, was established in late 1981 through a five-year commitment of over \$4 million from the German Marshall Fund of the United States.*

## Adjusting to Shifting Trade Patterns

With some uneasiness, the United States today imports manufactured products and even a few agricultural products of which it was once the top producer and exporter. To date, the pinch of shifting trade patterns on manufacturing and agricultural activity has produced two types of policy response in this country: protection for the affected sector in the form of quotas on imports and income-maintenance programs to help the sector make short-term adjustments. Neither of these approaches has been particularly successful.

The issue of how the United States should respond to future trade-created dislocations for individual firms and workers (and even major segments of an industry) is one of the key topics on the national policy agenda. Several economists and labor specialists who tend toward the view that the U.S. government should "manage" adjustment, that is, actively assist labor and capital to move out of impacted industries and into new lines of production, have nevertheless pointed out that, at this point, the real costs and benefits of different policy responses have not been carefully assessed.

To address this need, the Institute for International Economics, already deeply involved in the issues raised by trade adjustment, has undertaken a broad review of U.S., European, and Japanese experiences with the various adjustment alternatives. With a substantial grant from the Ford Foundation to supplement the German Marshall Fund's core support, the Institute has begun a 16-month project to research several key aspects of the problem and to mine the experience of those who

have been most directly involved with adjustment programs and policy: labor, trade, and industry economists, business executives, and public policy-makers.

The experts will assemble several times to discuss research papers prepared specifically for the project. Their discussions will take place within three study groups:

- **Worker and Community Adjustment.** Drawing on a considerable body of literature available from the OECD, the International Labor Organization, and various domestic sources, a group of labor economists and policy officials will consider determinants and costs of occupational and geographical mobility, and evaluate adjustment programs aimed at employees of distressed industries and programs aimed at distressed regions and communities.

- **Industry Protection and Adjustment.** The second group of experts, to include business leaders, will evaluate government programs designed to protect, support, and phase out declining industries and firms. The emphasis will be on manufacturing, but relevant cases in agriculture and services (e.g., shipping) will be considered as well.

- **Trade Policy and the Political Environment.** A third group, including Congressional staff members and government, business, and labor representatives, will consider the relationship of various political conditions and climates to the genesis of policies of administered protection and policies of adjustment.

The Institute, which will coordinate and monitor all the activities, will publish the papers at the conclusion of the project, together with its overall evaluation and policy recommendations.

## Institute's Newest Publications

In recent months the Institute has released four new publications—three monographs in the Policy Analyses in International Economics series and a book proposing an overall strategy for maintaining an open trading system in the 1980s. The new publications are:

### Trade Policy in the 1980s

Edited by William R. Cline  
814 pp. \$35

Trade tensions are high and rising between the United States and Europe, between Japan and virtually all its trading partners, and between the industrial and the developing countries. The twenty papers collected here, prepared for an Institute conference on trade policy, suggest steps for fending off protectionist pressures and for modernizing the world trading regime.

The volume first assesses the trends in trade policy itself and the setting within which the problems are occurring, also reviewing the objectives and approaches of the major actors. Next, it presents detailed analyses of the major issues that have dominated trade policy in recent years, and addresses new issues coming to the forefront. It concludes



TRANSATLANTIC PERSPECTIVES

with proposals for responding to the wide array of industry and functional problems.

### **Economic Sanctions in Support of Foreign Policy Goals**

by Gary Clyde Hufbauer and Jeffrey J. Schott 102 pp. \$6

Examining 78 cases of sanctions imposed since World War I, the authors found that goals were not met in over 60 percent of the cases, most often when used to seek major policy changes by large countries such as Russia and China. Sanctions have been most effective when directed against small countries in pursuit of specific foreign policy goals, such as to destabilize a government or disrupt a military adventure.

In addition to suggesting a set of "nine commandments" to guide policymakers in the future use of sanctions, the study contains the first systematic attempt to estimate costs to both target and imposing countries. Sanctions that "bite" are sanctions that work, the authors conclude; normally the costs imposed must equal at least one percent of the target country's GNP. As a corollary, the more it costs the imposing country, the less likely is success. Domestic industries that suffer important losses can often undercut support for continuing the measures. (This monograph was previewed in "Economic Sanctions: A Volatile Foreign Policy Tool," *TRANSATLANTIC PERSPECTIVES*, May 1983.)

### **The Exchange Rate System**

by John Williamson 104 pp. \$6

Using a new analytical approach to estimate "fundamental equilibrium exchange rates"—rates that would achieve underlying competitive balance—Williamson finds the dollar overvalued by about 24 percent and the other major currencies badly misaligned as well. These large misalignments, which were not expected at the time the current regime of floating rates was adopted, have been promoting temporary prosperity at the cost of subsequent austerity, unnecessary adjustment costs, unemployment in the tradable goods industries, deindustrial-

ization, a ratcheting up of the rate of inflation, and increased pressure for protectionism.

To correct the situation, Williamson proposes adopting a system of "crawling target zones," under which countries would adopt value ranges for their currencies that would "crawl" over time to offset differential inflation and to provide for needed adjustment to fundamental economic changes. The IMF could monitor the changeover to ensure that zones adopted are mutually consistent among countries and effectively defended, and that all countries take appropriate account of them in framing their macroeconomic policies.

### **International Debt and the Stability of the World Economy**

by William R. Cline 134 pp. \$6

Based on detailed projections for the external positions of the 19 largest debtor countries over the next three years, Cline concludes that the debt problem of the developing world and Eastern Europe is one of temporary illiquidity, not fundamental insolvency.

His analysis and recommendations for policy measures to protect the world financial systems from possible major disruption are summarized in "Managing the International Debt Crisis" (pages 6-9 of this issue), an article drawn from the monograph.

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The publications described above can be purchased from local booksellers or ordered directly from MIT Press, 28 Carleton Street, Cambridge, MA 02142 (617-253-1693).

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### **Ambitious Research Program for 1984**

Over the coming year, the Institute plans to issue six new books and nine additional monographs in the Policy Analyses in International Economics series. Its research program for 1984 calls for studies addressing some of the most complex and troubling international economic, monetary, trade, and investment issues facing public and private policymakers.

In the area of **overall economic policy**, two major issues are being addressed:

- more effective international coordination of national economic policies to promote better global economic results

- new monetary cooperation techniques among the major countries to achieve greater stability in the world economy.

Four topics relate to **international monetary affairs**:

- the international debt problem, regarding both its immediate impact and the longer run financing of the debtor countries' external deficits

- reforming the system of flexible exchange rates

- the growing use of multiple reserve currencies and its impact on the international monetary system

- "second-best" responses (such as trade controls, capital controls, and compensatory finance) to the recurrent misalignments of major currencies.

Five aspects of **international trade** are being studied:

- comprehensive proposals for maintaining an open trading system in the 1980s

- the domestic politics of U.S. trade policy and present and prospective protectionist pressures on policymaking institutions

- adjustment to industrial and worker dislocation caused by changes in international trade patterns

- current import restrictions on auto, steel, and textiles/apparel and what trade policies should be adopted for these industries in the future

- subsidies that affect international trade and how to cope with them.

The use of economic and financial sanctions for foreign policy purposes and the possible need for new international arrangements for foreign direct investment are two other topics under study.

Institute publications scheduled for the next year (and all previous publications) are described in the Institute's Fall 1983/Fall 1984 publications announcement. For a free copy, write to Publications Office, Institute for International Economics, 11 Dupont Circle, N.W., Washington, DC 20036.

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# Financial Statements

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The German Marshall Fund is supported by a gift of 147 million Deutsche Mark from the Federal Republic of Germany. This gift is being transferred to the Fund in fifteen annual installments, which began in 1972 and will end in 1986. Annual installments of 10 million Deutsche Mark through 1983 total \$50,529,588.

Because the Germans intended their gift to be a permanent memorial to the Marshall Plan, the Fund's trustees invest a portion of each installment in a residual fund. All earnings from this fund are reinvested, and as of May 31, 1983, the residual fund totaled approximately \$35 million. By the time the German government's fifteen-year commitment ends, the accumulated assets of the residual fund should be sufficient to support the Fund's activities permanently on a modest level.

The Board of Trustees' Finance Committee is responsible for investment of the residual fund. The Fund's present investment advisors are Fayez Sarofim of Houston, Texas, and Miller, Anderson and Sherrerd of Bala-Cynwyd, Pennsylvania. The list of Fund holdings is available upon request.

The financial statements of the Fund have been audited by Main Hurdman, whose report follows.

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The Board of Trustees  
The German Marshall Fund of the United States—  
A Memorial to the Marshall Plan

We have examined the balance sheet of The German Marshall Fund of the United States—A Memorial to the Marshall Plan as of May 31, 1983 and 1982, and the related statement of revenue, expense and fund balance for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, such financial statements present fairly the financial position of The German Marshall Fund of the United States—A Memorial to the Marshall Plan at May 31, 1983 and 1982, and the results of its operations and the changes in its fund balance for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Main Hurdman

July 20, 1983

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## Notes to Financial Statements

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### 1. Organization

The German Marshall Fund of the United States—A Memorial to the Marshall Plan (The Fund) was incorporated on March 15, 1972 under the laws of the District of Columbia. The Fund is dedicated primarily to improving international understanding and resolution of significant, contemporary or emerging common problems of industrial societies.

The German Bundestag passed legislation providing the capital of the Fund in the amount of DM 147,000,000. The capital is being remitted in 15 annual installments. At May 31, 1983, DM 107,000,000 had been received and DM 40,000,000 is due in future annual installments of DM 10,000,000. The U.S. dollar amount received in June of each year depends on the prevailing exchange rate on the date of transfer.

### 2. Summary of Significant Accounting Policies

**Basis of Accounting** The financial statements of the Fund are presented on the accrual method of accounting.

**Marketable Securities** Marketable securities are carried at the lower of aggregate cost or market determined at the balance sheet date. Realized gains and losses are calculated using the average cost of the individual securities held.

**Unexpended Commitments** Grants and Fund-administered projects are charged to operations and recorded as payable within the fiscal year during which the funds are committed. Actual payments to grantees, however, will often extend over more than one fiscal year.

**Retirement Program** Eligible employees who have attained age 25 and have completed six months employment may participate in the Fund's retirement program. The Fund contributes 15% of the participants annual salary subject to FICA and 10% of the annual salary in excess of the FICA base. In addition, the participant may make voluntary contributions to the program to the extent that total employer and employee contributions do not exceed 16½% of the annual salary. Vesting is immediate for all participants.

**Federal Income Tax** The Fund is exempt from Federal income tax under Section 501(c)(3) of the International Revenue Code and is classified as an organization that is not a private foundation within the meaning of Section 509(a) of the Code.

### 3. Carrying Value of Marketable Securities

Marketable securities, carried at the lower of aggregate cost or market, consisted of the following at May 31, 1983 and 1982:

	1983	1982
Cost	\$34,586,802	\$28,956,712
Market value	39,811,772	28,418,173
Cost in excess of market value (market value in excess of cost)	<u>\$(5,224,970)</u>	<u>\$ 538,539</u>

### 4. Lease

On October 14, 1981, the Fund entered into a sublease agreement for office space with the Carnegie Endowment for International Peace. This agreement, expiring December 31, 1984, provides for increases in the monthly rental rate to reflect a proportionate share of any increases in operating costs and rent escalations. The monthly rental, including escalators, amounted to \$6,598 at May 31, 1983.

## Balance Sheet

	<u>May 31, 1983</u>	<u>May 31, 1982</u>
<b>ASSETS</b>		
Cash (including cash held by investment managers for purchase of marketable securities, \$10,392 and \$143,518)	\$ 111,027	\$ 255,923
Accrued income from marketable securities	523,837	335,355
Marketable securities (Notes 2 and 3)	34,586,802	28,418,173
Other assets	41,393	14,649
	<u>\$35,263,059</u>	<u>\$29,024,100</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Accounts payable	\$ 56,961	\$ 45,298
Unexpended commitments	2,165,262	2,090,474
Other liabilities	27,062	18,954
	<u>2,249,285</u>	<u>2,154,726</u>
Fund balance	33,013,774	26,869,374
	<u>\$35,263,059</u>	<u>\$29,024,100</u>

## Statement of Revenue, Expense and Fund Balance

	<u>Year Ended May 31, 1983</u>	<u>Year Ended May 31, 1982</u>
<b>Revenue</b>		
Contribution from the Government of the Federal Republic of Germany	\$ 4,191,115	\$ 4,234,597
Interest and dividends	3,162,026	2,626,411
Gain on sale of marketable securities	2,580,969	1,670,276
Other	3,666	3,270
	<u>9,937,776</u>	<u>8,534,554</u>
<b>Expenses</b>		
<b>Programs</b>		
International and European-American	1,573,539	1,353,046
Comparative Domestic	864,383	702,391
Scholarship	473,631	541,247
Media	376,187	562,550
Other grants	13,327	30,465
	<u>3,301,067</u>	<u>3,189,699</u>
Administrative	857,175	811,135
Investment management	173,673	143,140
	<u>4,331,915</u>	<u>4,143,974</u>
Excess of revenue over expense before special item	5,605,861	4,390,580
Adjustment to value marketable securities at lower of cost or market value	538,539	(538,539)
Excess of revenue over expense	<u>6,144,400</u>	<u>3,852,041</u>
Fund balance, beginning of year	26,869,374	23,017,333
Fund balance, end of year	<u>\$33,013,774</u>	<u>\$26,869,374</u>

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## A Cumulative List of Grants Made by The German Marshall Fund of the United States June 1, 1982 - May 31, 1983

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### INTERNATIONAL PROGRAM

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#### Institute for International Economics

Institute for International Economics, Washington, DC, \$782,500, second year of core support for new nonprofit research institution.

#### International Economic Issues

American Enterprise Institute for Public Policy Research, Washington, DC, and Atlantic Institute for International Affairs, Paris, France, \$29,000, for a Rome conference on major economic issues bearing on U.S.-Italian relations.

Brookings Institution, Washington, DC, \$50,000, continued support for a project on foreign policy implications of international economic developments.

Institut Francais des Relations Internationales, Paris, France, \$50,000, for *RAMSES 1982: The State of the World Economy* and related activities.

Overseas Development Council, Washington, DC, \$10,000, for the first of a series of conferences providing members of Congress and others with information on global development issues.

Princeton University, Princeton, NJ, \$18,370, for an international workshop on approaches to improving the international monetary system.

University of California, Berkeley, CA, \$24,000, for a monograph on international competitive problems of the French and German electronics industries.

#### U.S.-European Networking

American Council on Germany, New York, NY, \$17,000, for the 1982 American-German Young Leaders Conference held in San Francisco.

—\$24,000, for the XII Biennial German-American Conference.

—jointly with Atlantik-Bruecke, Bonn, FRG, \$30,000, continuing support for German-American working groups addressing security, economic, and political-relations problems.

American Political Science Association, Washington, DC, \$25,000 to support two West German Congressional Fellows as professional staff assistants to members of the U.S. Congress.

Aspen Institute-Berlin, Berlin, FRG,

\$10,000, for U.S. participation in a conference on foreign policy implications of changing U.S. and German domestic politics.

Association of Former Members of Congress, Washington, DC, \$24,000, for Congressional travel to a special Salzburg seminar, "Assumptions About the Alliance: Are They Still Valid Today?"

Atlantic Institute for International Affairs, Paris, France, \$10,000, for a comparative opinion poll investigating key aspects of transatlantic tensions.

—\$10,000, for a conference on the impact of public opinion on support for Atlantic defense.

Committee for National Security, Washington, DC, \$5,000, for European participation in a women's leadership conference on U.S.-Soviet relations.

French-American Foundation, New York, NY, \$24,000, for a program explaining the Congressional role in formulating American foreign policy to young deputies of the French National Assembly.

Georgetown University, Washington, DC, \$5,000, for the 1982 G.U. Leadership Seminar sponsored by the School of Foreign Service.

—\$4,500, supplementary support for West German foreign policy study.

Woodrow Wilson International Center for Scholars, Washington, DC, \$20,000, for a conference on German-American relations.

Woodrow Wilson National Fellowship Foundation, Princeton, NJ, \$4,000, support for Swedish journalist Ami Lonnroth as a Visiting Fellow.

World Affairs Council of Washington, DC, \$2,000, travel for two members of a Dutch delegation taking part in an exchange of U.S.-Dutch young leaders.

\$101,700, in grants ranging from \$200 to \$2,682, to 108 individuals for short-term travel and travel/study.

\$255,500 allocated for Fund-administered Marshall Memorial Fellowship Program.

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### COMPARATIVE DOMESTIC PROGRAM

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#### Employment

American Council on Germany, New

York, NY, \$10,000, for the 1982-83 McCloy Labor Fellows.

American Labor Education Center, Washington, DC, \$17,817, to report in *American Labor* and other publications on differences in European and American trade union responses to immigrant workers.

Brookings Institution, Washington, DC, \$13,600, for a report on evaluations of the effectiveness of European training programs for distressed workers and industries.

City University Business School, London, UK, \$4,000, to write articles on the GMF-funded Women in Banking Project for several publications.

City University of New York, Baruch College Center for Management, New York, NY, \$2,000, for a seminar on European programs for unemployed youth.

Columbia University, Conservation of Human Resources Project, New York, NY, \$12,697, toward completion of two books on youth employment and training.

Industrial Cooperative Association, Somerville, MA, \$4,500, to examine institutions in the Mondragon, Spain, cooperative movement for relevance to U.S. new-enterprise development.

Alice Leonard, Attorney-at-Law, Bath, UK, \$10,000, to examine the applicability of the British hearing system to the handling of U.S. sex discrimination cases.

Massachusetts Institute of Technology, Cambridge, MA, \$100,000, for the fourth year of a major project investigating the future of the automobile production system.

National Commission for Employment Policy, Washington, DC, \$2,000, for two European-focused dinner meetings.

National Development Council, Washington, DC, \$6,500, to investigate feasibility of assisting Britain in job creation financing programs.

New Ways to Work, San Francisco, CA, \$4,000, for European dissemination of the "Work Times" newsletter.

Tulane University, School of Business, New Orleans, LA, \$5,500, to examine European corporate efforts to stimulate new employment opportunities for dislocated employees.

United Nations Association, Economic Policy Council, New York, NY, \$23,000, for expert reviews and presentations to the Panel on Jobs in the 1980s.



Urban Environment Conference, Washington, DC, \$4,000, to explore how employment and environmental issues interact in four European countries.

Urban Institute, Washington, DC, \$15,000, to join U.K. and German research institutions in studying the condition of the urban "infrastructure" and the financing of its maintenance or replacement.

Work in America Institute, Scarsdale, NY, \$24,000, for a study on European employment-security policies and practices.

—\$5,000, for publication costs of a book on German and Canadian experience with short-time compensation for work sharing.

Working Women Education Fund, Cleveland, OH, \$10,800, recoverable grant for publishing the proceedings of the International Conference on Office Work & New Technology held in October 1982.

\$26,760 in grants for individual travel/study programs.

\$80,000 allocated for 1983 Equal Opportunity Internships.

#### Urban Affairs

Council for International Urban Liaison, Washington, DC, \$80,000, to facilitate transatlantic exchanges and to publish the monthly newsletter *Urban Innovation Abroad*.

—\$15,000 for a German-American symposium on issues in federalism.

Partners for Livable Places, Washington, DC, \$105,693, for the transfer of urban innovations to/from Europe through study tours, international seminars, publications, and clearinghouse services.

\$7,100 in grants for individual travel/study programs.

#### Criminal Justice

Johns Hopkins University, Center for Metropolitan Planning and Research, Baltimore, MD, \$15,000, for a comparative analysis of correctional system problems in Britain and the District of Columbia.

University of San Diego, School of Law, \$5,500, for police and prosecutorial officials to review Scottish experience in setting standards for criminal investigations.

Vera Institute of Justice, New York, NY, \$5,000, for a British-American exchange on criminal court processing of defendants.

\$3,970 in grants for individual travel/study programs.

#### Environment

California Foundation on the Environment and the Economy, San Francisco, CA, \$21,500, to organize, jointly with the Sierra Club, a trip for members of the California Hazardous Waste Management Council to examine Danish and German alternatives to landfill disposal of hazardous waste.

California Institute of Public Affairs, Claremont, CA, \$3,000, for an assessment of the relevance of the French SAFER program to California agricultural-land preservation efforts.

Conservation Foundation, Washington, DC, \$20,000, for the first of three conferences to disseminate the findings of a Fund-sponsored industrial siting project.

Cornell University, Ithaca, NY, \$20,000, for an international workshop on chemical regulation.

Environmental Law Institute, Washington, DC, \$15,000, to publish and disseminate a Fund-supported study on acid rain.

Institute for European Environmental Policy, Bonn, FRG, \$46,550, to coordinate the Fund's Internship Program for American Environmentalists for the fourth year.

\$9,650 in grants for individual travel/study programs.

#### Immigration

Professor T. Alexander Aleinikoff, University of Michigan, Ann Arbor, \$5,750, to compare approaches to asylum adjudication in the Federal Republic of Germany, France, and the United States.

Intergovernmental Committee for Migration, Geneva, Switzerland, \$6,000, for a seminar on undocumented migrants.

Pacific News Service, San Francisco, CA, \$24,500, to prepare a series of articles on European immigration.

University of California, Davis, CA, \$24,600, for a conference on the use of alien workers in agriculture.

U.S. Committee for Refugees, New York, NY, \$10,000, to prepare and publish a paper for policymakers and general audiences on refugee and asylum issues.

\$2,500 in grants for individual travel/study programs.

\$3,000 allocated for Fund-hosted discussion on the macroeconomic effects of immigration on the U.S. economy.

#### Energy Conservation

American Public Power Association, Washington, DC, \$4,500, for travel by public utility officials to view innovative European facilities.

Environmental Defense Fund, New York, NY, \$8,000, to review French planning for electricity supply, use of alternative energy, and conservation.

\$6,297 in grants for individual travel/study programs.

### SCHOLARLY SUPPORT PROGRAM

#### Research Fellowship Program

\$325,000 in grants ranging from \$4,000 to \$32,000, to 13 outstanding American scholars for individual research projects that seek to improve the un-

derstanding of significant economic, political, and social developments in the United States and Europe. Grants were made to William Branson, Princeton University; Karen Freeze, Harvard University; Peter Gourevitch, University of California, San Diego; Nancy Green, Stanford University; Jane Jensen, Harvard University; Derek Jones, Hamilton College; William Lazonick, University of Toronto; Arend Lijphart, University of California, San Diego; Charles Lipson, University of Chicago; Peter Marris, University of California, Los Angeles; Janice McCormick, Harvard University; Victor Rodwin, University of California, San Francisco; and Charles Tilly, University of Michigan.

#### Scholarly Organizations

Columbia University, Council for European Studies, New York, NY, \$115,000, continuing core support.

### MEDIA PROGRAM

*Autrement* Magazine, Paris, France, \$6,000, to provide a U.S. dimension to special issues on artificial intelligence and youth employment.

Brookings Institution, Washington, DC, \$3,200, stipends for interns tabulating coverage of U.S. news by major foreign newspapers.

International Communications Exchange Foundation, Frankfurt, FRG, \$33,000, for development of the television program "As Others See Us."

International Writers Service, Washington, DC, \$78,000, core support for distribution of articles by European and other foreign journalists on economic, political, and social trends in their own countries.

National Public Radio, \$137,500, for international news coverage on *Morning Edition* and *All Things Considered*.

Nieman Foundation for Journalism, Harvard University, Cambridge, MA, \$20,000, for 1983-84 European Nieman Fellowship.

Stanford University, Stanford, CA, \$10,234, for 1983-84 European Journalism Fellowship.

### OTHER GRANTS

Committee for the Study of the American Electorate, Washington, DC, \$7,000, for a study on the regulation of political advertising on television in advanced democracies.

\$6,327 in grants for individual travel/study programs.

For further information on these grants, contact the Fund's Washington office.

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## Improved German-American Understanding Is Goal of Major New Program

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In October 1983, the German Marshall Fund of the United States launched a three-year, \$1.5 million program designed to correct the misconceptions that young Germans and Americans hold about each other's views, interests, and societies. The **Special Program on U.S.-German Relations** is not meant to resolve current, possibly divisive issues, but, in the longer term, to broaden the understanding of the emerging generation of leaders on both sides of the Atlantic. Those young leaders are handicapped, experts believe, by too limited a sense of the historical relationship between their two countries and inadequate firsthand knowledge.

While the Fund's regular programs involve all of the highly industrialized democracies of Europe, this new supplemental effort is focused specifically on the Alliance partner most critical to the United States—the Federal Republic of Germany. The program includes three types of initiatives:

- **Projects bringing young German professionals to study, teach, and travel in the United States.** Under the Marshall Memorial Fellowship Program, up to 90 young journalists, public servants, politicians, and others will spend six weeks observing how social, political, and economic systems work in several American cities, as well as meeting with their American professional counterparts.

Some 33 "Fachleiter" who prepare Germans for careers as high-school teachers of English language, American studies, or geography will spend six weeks fleshing out their substantial academic knowledge of the American scene by

visiting a variety of communities. Up to 75 prospective high-school teachers will spend an academic year at an American college. In exchange for participating in college and community life, they will assist 12 hours per week in German language courses.

- **Annual conferences drawing together young members of the U.S. Congress and of the Bundestag.** About two dozen young legislators with responsibilities outside the foreign affairs establishment will be joined at these four-day conferences by some of their predecessors in Congress and the Bundestag.

- **Projects addressing the deterioration in U.S. understanding of contemporary Germany.** A task force, to be drawn from prominent academics at graduate and professional schools, will explore the growing assumption that U.S. scholarship has declined in the field of German studies. It will assess both the adequacy of teaching and research and the availability of employment opportunities for German specialists.

Eighteen Germans who are well known in spheres like politics, journalism, and business will visit American colleges to discuss current developments in their country. (See "American Colleges Get a German Perspective," page 18 of this issue.)

A series of seminars, lectures, and other events will be sponsored at the new American Institute for Contemporary German Studies at Johns Hopkins University.

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# transatlantic Perspectives

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THE GERMAN MARSHALL FUND OF THE UNITED STATES  
11 DUPONT CIRCLE, N.W.  
WASHINGTON, D.C. 20036

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# THE GERMAN MARSHALL FUND OF THE UNITED STATES

## A MEMORIAL TO THE MARSHALL PLAN

11 Dupont Circle, N.W., Washington, D.C. 20036 (202) 745-3950

Cable: GMFUS Telex: 248329 CEIP

The German Marshall Fund of the United States was established on June 5th, 1972, the 25th anniversary of the announcement of the Marshall Plan by Secretary of State George Marshall. At a special convocation celebrating that event, Chancellor Willy Brandt - on behalf of a unanimous decision of all the parties in the German Bundestag - announced a gift of 150 million marks to be provided in fifteen annual installments of ten million marks each. This was the largest gift of this kind ever made by a foreign government to the United States. It represents the continuing deep appreciation of the German people for the unprecedented generosity of this country in helping the Federal Republic to recover economically after the devastation wrought by the war.

At the time of the establishment of the Fund, Chancellor Brandt outlined three broad areas in which it was to become active:

1. the comparative consideration of problems of advanced industrial societies in Europe, the U.S. and elsewhere;
2. the study of problems of international relations that pertain to the common interests of the United States and Europe; and
3. support for the field of European studies.

Decision-making for the disbursement of Fund resources was to be left to an entirely American board, for the German government was eager to emphasize that this was a gift to the American people. Accordingly, it seemed appropriate to include broad representation and balance to the board. Among the original twelve members were outstanding Americans such as Harvey Brooks (our first chairman), Richard Cooper, Robert Ellsworth, Max Frankel, Thomas Hughes, Donald Kendall, Elizabeth Midgley, Howard Swearer and Guido Goldman. The latter negotiated the terms of the gift with the German government and served briefly as Acting President once the first instalment was received.

BOARD OF TRUSTEES: Eugene B. Skolnikoff, Chair; Elizabeth Midgley, Vice Chair and Secretary; Lionel I. Pincus, Treasurer; Harvey Brooks; Robert F. Ellsworth; Bernard R. Gifford; Guido Goldman; General Andrew J. Goodpaster; Walter W. Heller; John E. Kilgore, Jr.; Frank E. Loy; Paul W. McCracken; Joyce D. Miller; Steven Muller; Richard C. Steadman; Fritz Stern; Walter J. Stoessel, Jr.; Russell E. Train; Arnold Weber

Frank E. Loy, President

Peter R. Weitz, Director of Programs

In order to involve a larger number of individuals in the decision-making, board membership is limited to two successive four-year terms, though current members include several who were among the original group and who have been re-elected after a period off the board.

The original emphasis of the Fund was in the first of the three areas listed above. At the time "common problems of industrial society" was a relatively new field. It held large promise for permitting the United States and Europe to learn from the domestic experience of each other. And it also permitted the Fund, while still a very new institution, to steer away from the more controversial issues of international politics and economics.

Once the Fund had established itself as a well-regarded American institution, and in view of the growing concern about some of these international, political and economic issues, the board chose to direct a greater part of Fund resources to such issues. This decision was also influenced by the fact that a great number of U.S. foundations had moved away from a previous emphasis on international problems, in favor of concentrating on more domestic concerns. Thus today the Fund, which disburses about \$4 million annually, while not among the fifty largest American foundations, ranks among the top fifteen in terms of the amount of support directed towards international programs.

Two areas have recently been given special emphasis. One deals with international economic issues, and here the major effort of the Fund has been to launch the new Washington-based Institute for International Economics, an independent, private, non-profit research institution for the study and discussion of international economic policy. It is the Fund's intention to find other institutions to help finance the Institute. This process has successfully begun, and will permit the Fund to reduce its funding levels.

The second area addresses problems of German-American relations. Over the course of the past several years, the Fund has established a number of new programs in order to help the new "successor" generation on both sides of the Atlantic to gain a better understanding in this field. (See the back page of the enclosed December 1983 issue of the Fund publication, Transatlantic Perspectives.)

The Fund uses the whole range of approaches and techniques available to non-profit organizations:

- it funds and, in part, operates a number of individual exchange programs
- it funds a large variety of conferences and workshops

- it funds study tours and short-term travel by practitioners (often government officials) and academics

- it renders support to a number of institutions that have become important agencies to promote better understanding between Europe and the U.S.

Within this range of programs, for example, the Fund has developed the Marshall Memorial Fellowships, which brings a number of young European professionals for six-week study tours to the United States. It has established a program of German Congressional Fellows, bringing young German academics for five-month periods to work in the office of an American Congressman. Other programs are designed to bring European journalists to this country.

Wherever possible, the Fund has worked through and with other established international organizations, such as the American Council on Germany, the American Enterprise Institute, the Council on Foreign Relations and its British, French and German counterparts, the Atlantik-Brücke and a host of specialized agencies that operate in the designated areas of Fund concern in dealing with problems common to Europe and the United States.

The attached Fund publications describe the Fund in some detail, and particularly describe recent projects that have received support.

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THE WHITE HOUSE  
CORRESPONDENCE TRACKING WORKSHEET

*C005402*

INCOMING

DATE RECEIVED: JULY 06, 1984

NAME OF CORRESPONDENT:

SUBJECT: ~~UNOPENED~~

*Ambassador Peter Hermes says  
farewell on the completion of his  
duty in this country*

ROUTE TO: OFFICE/AGENCY (STAFF NAME)	ACTION ACT CODE	DATE YY/MM/DD	TYPE RESP	C D	COMPLETED YY/MM/DD
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ROBERT C. MCFARLANE	ORG	84/07/06			C 84/07/10 <i>BY</i>
<i>PPHEER</i>					
<i>NS McFA</i>					
<i>99.205</i>					

COMMENTS: ORIGINAL TO LOBETTA BRAXTON

*sent to Herrington Personnel  
PPO does not handle responses to foreign Ambassadors*

ADDITIONAL CORRESPONDENTS: MEDIA: S INDIVIDUAL CODES: \_\_\_\_\_

MI MAIL USER CODES: (A) \_\_\_\_\_ (B) \_\_\_\_\_ (C) \_\_\_\_\_

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*ACTION CODES:	*DISPOSITION CODES:	*OUTGOING	*
*	*	* CORRESPONDENCE:	*
*A-APPROPRIATE ACTION	*A-ANSWERED	*TYPE RESP=INITIALS	*
*C-COMMENT/RECOM	*B-NON-SPEC-REFERRAL	* OF SIGNER	*
*D-DRAFT RESPONSE	*C-COMPLETED	* CODE = A	*
*F-FURNISH FACT SHEET	*S-SUSPENDED	*COMPLETED = DATE OF	*
*I-INFO COPY/NO ACT NEC*		* OUTGOING	*
*R-DIRECT REPLY W/COPY *			*
*S-FOR-SIGNATURE			*
*X-INTERIM REPLY			*

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KEEP THIS WORKSHEET ATTACHED TO THE ORIGINAL INCOMING  
LETTER AT ALL TIMES AND SEND COMPLETED RECORD TO RECORDS  
MANAGEMENT.



8420145  
United States Department of State

Washington, D.C. 20520

July 18, 1984

MEMORANDUM FOR MR. ROBERT C. MCFARLANE  
THE WHITE HOUSE

Subject: Letter From Former Ambassador Hermes

Former FRG Ambassador Hermes wrote to the President on July 5 to say farewell on the completion of his tour of duty here. Subsequently, Ambassador Hermes and the President met at a reception and exchanged farewells in person. In view of that, and of the fact that Ambassador Hermes has since departed the U.S., we do not believe that a written response to his July 5 letter is required.

*Robert M. Hill*  
Charles Hill  
Executive Secretary



8420145

T H E   W H I T E   H O U S E   O F F I C E

REFERRAL

JULY 16, 1984

TO: DEPARTMENT OF STATE

ACTION REQUESTED:  
APPROPRIATE ACTION

DESCRIPTION OF INCOMING:

ID: 231339  
MEDIA: SEALED, DATED JULY 5, 1984  
TO: PRESIDENT REAGAN  
FROM: THE HONORABLE PETER HERMES  
THE AMBASSADOR OF THE FEDERAL  
REPUBLIC OF GERMANY  
WASHINGTON DC 20007  
SUBJECT: UNOPENED

PROMPT ACTION IS ESSENTIAL -- IF REQUIRED ACTION HAS NOT BEEN  
TAKEN WITHIN 9 WORKING DAYS OF RECEIPT, PLEASE TELEPHONE THE  
UNDERSIGNED AT 456-7486.

RETURN CORRESPONDENCE, WORKSHEET AND COPY OF RESPONSE  
(OR DRAFT) TO:  
AGENCY LIAISON, ROOM 91, THE WHITE HOUSE

SALLY KELLEY  
DIRECTOR OF AGENCY LIAISON  
PRESIDENTIAL CORRESPONDENCE

*rec'd SIS-I  
7/13/84 2250  
CAS*

— 12 Jul

NATIONAL SECURITY COUNCIL

When pls send  
to state. The  
NSC does not  
handle this

Loretta  
46870

8420145

THE AMBASSADOR  
OF THE  
FEDERAL REPUBLIC OF GERMANY  
WASHINGTON, D.C.

July 5, 1984

Dear Mr. President:

upon the termination of my tour of duty as Ambassador of the Federal Republic of Germany to the United States of America I have the honor to inform you that I shall leave Washington on July 9, 1984.

I had the privilege to represent my country in the United States of America for almost five years. Throughout this period I have striven to contribute to the deepening and further strengthening of the good German-American relations. In this endeavor I have been fortunate to be able to count on the reciprocal understanding and support of all my American interlocutors.

I should like to avail myself of this opportunity, Mr. President, to express to you my feelings of gratitude for your confidence and for your endorsement of my mission.

Respectfully yours,



Peter Hermes

The President  
The White House  
Washington, D.C.

1984 JUL 10 AM 9:02