

# EUROPE

## Per 'ardware ad astra

When President Reagan first put forward his radical idea of an anti-missile system in space, America's west European allies tumbled over themselves to find a common response. That was in March, 1983, and the Europeans are still tumbling. Ministers and businessmen are making a frantic last-moment effort to come up with a joint European position in time for the Milan summit of the European community which begins on June 28th.

Europe has hung back partly because American ideas about the Strategic Defence Initiative have themselves been changing: with all but the most starry-eyed SDI enthusiasts, the heady promise of a seamless anti-missile umbrella in space has given way to a more manageable step-by-step research programme designed to find ways of protecting specific targets from missile attack. But the Europeans are torn even about even this stripped-down version of SDI.

Where Europeans stand on star wars depends a lot on where they sit. Governments agonise. But European businessmen are keen on the idea, even if there is not all that much money for them in SDI research, at least not right away.

Now that both Americans and Europeans have refined their views of SDI, Europeans are no longer seriously worried that the Americans might retreat from the defence of western Europe behind a for-Americans-only nuclear shield in space. But the British and the French are afraid that enthusiasm for SDI could before long undercut the arguments for keeping their own nuclear deterrents. Most European governments also worry that SDI might obstruct an arms-control agreement with the Russians. If the Russians offered to make deep cuts in the missile arsenals in return for ditching SDI, many west Europeans would want the Americans to say "yes".

Despite all these ifs and buts, the European governments recognise that Europe could fall even farther behind in the technology race if its defence industries do not get into the space defence business. And they are anxious about the future of Europe's space scientists and engineers. Unless these people are given work in Europe, by one means or another, American companies are liable to steal them away over the Atlantic. It was partly nervousness about such a brain-



Eureka was a headache for Archimedes, too

drain that prompted President Mitterrand of France to suggest a high-tech programme of space research, Eureka, which Europe could pursue while the Americans went after their SDI.

### The commercial bait

The lure which the Reagan administration is dangling over Europe is a share in the \$30 billion it wants congress to allocate to SDI research in 1985-89. European businesses would like to get what they can. But American researchers will inevitably

get most of the money, partly because Europe's high-tech strengths do not lie in big-dollar projects but more because American research laboratories and defence companies have much more muscle in Washington. So the immediate pickings for Europeans and other foreigners such as the Israelis and the Japanese will be small. But the non-Americans want to be in on a high-tech boom in the 1990s if SDI does take off.

So far, the only American SDI money actually spent in Europe has gone to a small French company for a piece of electronics equipment not available in America. But several research contracts for European firms are now being drawn up and may be announced within a few weeks. Here is a short-list of European things which are already making American eyebrows cock with interest:

- high-quality optical equipment, which several European firms such as Zeiss or Leitz in West Germany and Oldelft in Holland are probably better at than their American rivals (some British companies that specialise in hand-ground lenses come into the field too);
- advanced computer software of the kind being produced by the British company Scicon;
- a high-velocity anti-missile rocket (research on this is being done by two British firms, Shorts of Belfast and Hunting Engineering, and by the British military research establishment at Fort Halstead in Kent);
- advanced electronics, where Philips of Holland, Marconi, Ferranti and Racal of Britain and Selenia of Italy want to see what they might get out of SDI;
- sensor technology and propulsion systems, on which Europe's aerospace heavyweights—British Aerospace, Matra, Aerospatiale, Messerschmitt-Bölkow-Blohm, Dornier, Fokker and Aeritalia—would all be able to work.

Wish lists are not contracts, however. Even eager European businessmen face problems. One is the attitude of their governments. Strictly speaking, the governments have no say in the decisions of private companies. Even with state-run ones in France and Italy, the official approach is "let the companies decide".

But nobody really believes that. The

## Is the Eurofighter doomed?

The doctors have given the clinically dead European Fighter Aircraft project another month before they unplug its life-support machine. The British, French, West German, Italian and Spanish defence ministers, conferring in London on June 17th-18th, tried once again to get life into the idea of a shared five-country fighter-bomber. They failed, but decided to keep it breathing by agreeing that their industries should produce yet another study by the middle of July.

The industries themselves are at a loss to know what more they are to study. The differences of opinion about the proposed new aircraft, which was supposed to be available in the mid-1990s, are perfectly clear. The defence ministers claim to have narrowed the gaps during the London meeting, but they admit they have not eliminated any. France is still the odd man out.

The French want a smaller, cheaper aircraft than either West Germany or Britain needs. They insist on having leadership of the design team. They want a larger share of the work than is justified by the number of aircraft they intend to buy, arguing that France will do most of the selling overseas.

Some of these differences might in theory be compromised away, although compromise has eluded the ministers for more than a year. Others cannot. Either one country leads the programme, or else a costly supranational organisation must be created to manage it. The three-country Tornado aircraft programme poured millions, unnecessarily, into supranational management. France's insistence on leading the new project with its own industry may be unpalatable, but it makes economic sense.

This week's meeting came close to giving up the five-country idea and going ahead without France, but the ministers wanted to appear to be having one more go. The intention now is that those countries which can manage to agree with each other, in a meeting to be held in Bonn, will proceed with a shared aircraft. France will almost certainly drop out and will probably build its own machine. About the best anybody is seriously hoping for now is that the two designs might use a few common parts.



Heading for a crash

Munich-based Messerschmitt-Bölkow-Blohm firm does four fifths of its business with the West German government. Naturally, the company listens to what the government wants.

At a meeting in Bonn on May 13th, the chancellor's chief of staff, Mr Wolfgang Schäuble, told businessmen and research scientists he had asked in to talk about SDI that it was up to them whether they worked for the Americans or not. But, he added, West German SDI work ought to be "co-ordinated". In other words, no free-market scramble. But West Germany's federal system makes an intriguing wrinkle: Bavaria owns 7% of MBB and Baden-Württemberg owns 4% of Dornier. Not surprisingly the premiers of these states, Messrs Franz Josef Strauss and Lothar Späth, are both keen advocates of SDI.

Finance ministers tend to eye any new spending item coldly, and one big reason for European hesitation is cost. In partic-

ular, the West Germans and the Italians are afraid that, once European companies embarked on star-wars research paid for by the Americans, they would quickly come asking for contracts from their own governments too. According to the Italian prime minister's foreign affairs adviser, Italian companies are unlikely to sign American contracts unless they get incentives and research loans from the Italian government. But the issue is not simply a battle between spending ministries and treasuries. European defence ministers must ask themselves whether star-wars research will drain money away from western Europe's non-nuclear defence.

### Have the Europeans found it?

Europe's decision about SDI is complicated by Eureka. This French idea was meant as an alternative to SDI. Its purpose, as outlined, was civilian. But many of the things European Eureka researchers would be working on—advanced soft-

ware, high-speed computers and ways to protect both these things from the effects of hurling them into space—would be precisely the things their American SDI counterparts are looking into.

A natural-looking division of labour suggests itself. America concentrates on SDI, Europe on Eureka; and, to create a two-way street, both do a bit of each. Mrs Thatcher in Britain and Mr Kohl in West Germany seem to like this idea. The snag for Eureka is that rightly or not European businessmen believe they can already sniff American star-wars money. Eureka, they suspect, would be simply a new name for existing European programmes. Mr Umberto Agnelli, the deputy chairman of Fiat, has voiced this scepticism: "The American project is operational", he said, "Eureka is not".

## West Germany

### Unhappy returns

FROM OUR BONN CORRESPONDENT

Businessmen, politicians and newspaper barons in West Germany tend to be a mite too cosy with each other for their own and for the public's good. So at least critics of the West German establishment frequently complain. Whether or not their view is wholly just, the resignation on June 14th of the federal government's spokesman, Mr Peter Boenisch, is almost certain to give it fresh currency.

Before joining the government in 1983, Mr Boenisch was a senior editor in Mr Axel Springer's conservative press empire. Like many successful West Germans, he had business interests on the side. No harm in that, perhaps, except for the small matter of his tax returns.

The day after Mr Boenisch stepped down, it became known that the federal authorities in West Berlin may ask him to pay as much as DM500,000 (\$165,000) in unpaid taxes and a possible fine of DM1m. Mr Boenisch's tax difficulties, it seems, involve his earnings from two Swiss-based public-relations firms with car-industry clients, in which he had an interest before joining the government. According to Bild, a mass-circulation newspaper which Mr Boenisch once edited, one of his more regular clients was Daimler-Benz, the maker of Mercedes cars. Mr Boenisch's partner, who died in 1977, tested cars for a West German television channel.

Mr Boenisch's resignation was front-page news throughout West Germany, and not only in his old paper. The white-haired, 58-year-old spokesman is well-known for his free-spending style as well as for his pungent, bass-voice presentations of government policy. His attacks