

than about the pace of change and the need to extend such participation in the Board. We believe that the crucial test, which alone will carry conviction and create a willingness to share responsibility, is an acknowledgment of the right of representatives of the employees, if they ask for it, to share in the strategic decisions taken by the Board...

"We believe that the change of attitude of the TUC (Trades Union Congress — ed.), and their willingness to accept a share of responsibility for the increased efficiency and prosperity of British companies, offer an opportunity to create a new basis for relations in industry which should not be allowed to pass. We should certainly consider what may be the consequence for the future of British industry of a failure to seize this opportunity, of doing nothing or (more characteristically perhaps) of doing too little too late...

"There are increasing pressures on companies to be more responsive to change, if they are to remain profitable. They are faced more often with important investment decisions about the introduction of new technology, re-equipment of a plant or the transfer of production to a new locality. Often their decisions closely affect the lives of thousands of employees, and in such situations it becomes increasingly difficult for employers to deny the

rights of these employees, not only to have their interests taken into account by management, but also to have an opportunity for active involvement in the decision-making process...

"Trade union involvement is fundamental to the industrial strategy, not simply because such involvement is necessary to forestall negative resistance to change, but also because employees, through their trade unions, have a positive role to play in combating industrial stagnation and in stimulating much-needed changes in industrial structure and performance...

"In our view, it is no longer acceptable for companies to be run on the basis that in the last resort the shareholders' view must by right always prevail. There must in future be a new legitimacy for the exercise of the management function within a policy framework agreed jointly by the representatives of capital and labour. We believe this new legitimacy is essential for the long-term efficiency and profitability of the private sector and for the ultimate success of the company itself. In our view, it is unreasonable to expect employee representatives to accept equal responsibility unless, through equal representation on the Board, they are able to have equal influence on the decision-making process."

West German-U.S. Arms Deals Stalled

WEST GERMANY

West German industrialists are already feeling the effects of indirect U.S. pressure on them to cancel West Germany's \$6 billion nuclear technology deal with Brazil. The United States Coast Guard, according to *Die Welt* Jan. 27, has decided not to buy a number of VFW-614 airplanes, made by the Vereingte Flugtechnische Werke-Fokker GmbH in Bremen, in favor of a U.S. contractor. As the newspaper points out, this is not simply a matter of another lost contract; rather, "once again we perceive tendencies on the other side of the Atlantic which already revealed themselves around the tug-of-war for the German Leopard II tank."

This military tug-of-war has been going on over various issues ever since Dec. 8, when NATO's European foreign ministers — taking a West German lead — decided to postpone any decision on the purchase of Boeing's \$4 billion Airborne Warning and Control System (AWACS) pending further cost studies. By that time, according to *Interavia* magazine, the U.S. State

Department had already warned the Pentagon that the West Germans were linking their acceptance of AWACS to painful U.S. concessions in the complicated wrangling over interchangeable parts for a semi-standardized NATO tank. More specifically, the West Germans have been insisting on the adoption of a smooth-bore cannon produced by Thyssen-Rheinstahl instead of an American or a modified British design. As the commercial daily *Handelsblatt* pointed out Jan. 17, it was edifying to see NATO General Secretary Walter B. Laberge, who has overall responsibility for the AWACS deal, suddenly turn into an enthusiastic advocate of the Rheinstahl cannon in spite of his lack of any expert knowledge in the field.

Therefore, the decision by West Germany and the U.S. on Jan. 15 to postpone any decision on the standardized tank until the end of 1977 at least points to a successful stall by West Germany and the rest of Europe on the AWACS issue.

A recent report in the Brazilian newspaper *O Globo* in fact indicated that Europe's military industry is already lining up its own incursion into the United States' South American market. A consortium of firms, including Kraus-Maffei, Fabrique Nationale de Belgique, and Delegation des Armements is talking about setting up Brazil with its own domestic arms industry.