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International Focus/ The Ecu

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International Focus

Life in the European Lane

by J. Charles Germain (CEO, Gauthier-Villars, N.A.)



[This issue of ATG is full of dollar woes. So, we thought we'd switch to a new type of currency. The ecu, it's called. Read on. — Ed]

Recently (Sunday, September 20) the French people narrowly (51%) approved the Maastricht Treaty. If things go according to plan, the unified European powers will have a single currency by 1999. This currency is called the "ecu."

What is the Maastricht Treaty exactly? This Treaty, signed in December 1991, is designed to unify Europe in major economic, defense and foreign policy. On March 3, 1957, the treaty of Rome created the European Economic Community (EEC). Initial members were the Benelux (Belgium, the Netherlands and Luxembourg), France, Italy and West Germany. Denmark, Ireland and the U. K. would join 15 years later in 1973, Greece in 1981, Spain and Portugal in 1986, almost 30 years after the treaty of Rome.

Back in 1957, the European Community focused on creating a "Common Market." Monetary unity was not a significant issue because exchange rates, under the "Bretton Woods Agreement," were fixed to the U. S. dollar, which was tied to gold. At the end of World War II, most nations met in Bretton Woods, New Hampshire, and accepted the leading role of the US\$. They also created the IMF and the world bank. From the end of World War II until 1971, the world benefited from a sense of stability among the different currencies (up to 10% fluctuation against the \$ was accepted without IMF approval). When

the Gold Standard officially ended in 1971, most of the nations opted for the floating rate system. But for Europe, in the process of economic integration, the floating system was not acceptable. Instead, EEC members created in August 1972 the European "snake," a voluntary agreement to restrict exchange rate fluctuation against other member state currencies. Five years later in August 1978 the European Monetary System (EMS) and the ecu were formulated for the nine members of the EEC (except the U.K., which would join the group in August 1990, 12 years later, and leave it temporarily in September 1992).

What does the EMS mean in practical terms? At the center of the European Monetary System is the composite currency called the European Currency Unit — or ecu — which was named after a famous gold coin used in Europe during the end of the Middle Ages. There is no physical ecu coin or bank note. Nevertheless, all of the EEC countries recognize the ecu as a currency, not only for monetary and budgetary transactions within the European community, but also for public and private investment, debt and trade related transactions.

What is the ecu worth in monetary terms? The ecu is a weighted average of the twelve EMS currencies. The weights give us both the strengths and commitment of each country to the ecu. These are — the Belgian Franc (7.88%), the British pound (12.24%), the Danish kroner (2.49%), the Dutch guilder (9.59%), the French franc (19.18%), the German mark (30.68%), the Greek

drachma (0.61%), the Italian lira (9.85%), the Irish punt (1.11%), the Luxembourg franc (0.30%), the Portuguese escudo (0.78%) and the Spanish peseta (5.30%). The weight applied to each currency is based on the country's contribution to: a) the GNP (Gross National Product) and intracommunity trade of the country in the EEC; b) the short-term credit facilities that each country makes available to the European Monetary Cooperation Fund. These are reviewed every five years and, if necessary, the ecu composition is revised to reflect any substantial changes.

How is the ecu rate calculated versus non-European currencies? Each currency of the ecu basket has so-called fixed currency limits that is multiplied by the rate of the currency. The sum of all the weighted values gives us the ecu rate, the sum of which is the value of the ecu relative to that currency. As of December 31, 1991, for example, one ecu equaled \$1.3418.

How are fluctuations of the component currencies monitored? Periodically the EMS establishes new Central Parity Rates for each member currency based on its current exchange rate against all other EMS currencies. The EMS "exchange rate mechanism" (ERM) formalizes margins of fluctuation around the central parity rates within which the currency may fluctuate. At 75% of this margin of fluctuation are divergence thresholds where the respective central bank must intervene.

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Ambassador Book Service
for their generous contributions!

Thanks go as well to **Ballen Booksellers** for mailing issues of
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International Focus

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How are libraries, publishers, and vendors going to be affected by the Maastricht Treaty. Economic and monetary union should lead to a more prosperous European Community and this is good for U.S. publishers. Furthermore, the single currency will probably reduce currency conversion costs. The EC commission estimates that European and foreign companies doing business in Europe will save 24 billion dollars per year in currency transaction costs. Price stability should result in low inflation rates, low interest rates and sound government budget policies. This combination should create a favorable investment climate and will help U.S. exporters and U.S. publishers with subsidiaries in the EC. We can also assume that their European competition, stimulated by increased growth rates, larger domestic markets and a single currency, will become tougher.

From a library's point of view we are going to see in the coming years a single price for journals, monographs, and library services. This price will be in ecu. According to the Maastricht Treaty, by the way, it is now illegal to practice differential pricing inside Europe. ☞

Rumors

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Faxon writes of the change in its U.S. organization "to adjust to the new realities in the marketplace." They have restructured internal organization and some positions have been changed and 35 to 40 have been eliminated. This issue contains a letter from Richard Rowe on some of the changes. See page 28.

Effective October 5, 1992, **Blackwell North America, Inc.** was fully operational in their new and expanded distribution center located at the following address —

Blackwell North America, Inc., 100 University Court, Blackwood, NJ 08012. Telephone: 609-228-8900; Fax BRAND NEW: 609-228-7262. Toll Free: 800-257-7341/631-3161.

For mystery lovers out there, **St. Martin's Press** (175 Fifth Avenue, New York, NY 10010) publishes a newsletter called *Murder at the Flatiron Building*. It is fun to look at to see what

new titles are coming out.

Baker & Taylor has announced a joint marketing agreement with **T.C. Farries and Co. Ltd.**, a leading United Kingdom library supplier. According to the agreement, which went into effect on September 16, 1992, this will facilitate B&T customers worldwide in the direct purchase of U.K. published books. Part of the enhancement is the release of the **World Edition of B&T Link™**, B&T's standard-setting electronic information and ordering software package.

EBSCO has announced that the **Georgetown Library Information System (LIS)** can now load the company's invoices on magnetic tape. Incorporation of the ANSI X12 Standard by early 1993 is the next step.

The **University of California Press** has announced a special issue (no. 42, Spring 1993) of their journal *Representations* on "Future Libraries," edited by **R. Howard Bloch** and **Carla Hesse**.

Joel Baron (Vice President and Chief Publications Officer for **The Faxon Company**), **Marjorie Hlava** (founder and President of **Access Innovations**, a database publisher headquartered in Albuquerque), **Nolan Pope** (Associate Director for Automation for the **General Library System at the University of Wisconsin-Madison**) and **Bonnie Lawlor** (Executive Vice President for Database Publishing at the **Institute for Scientific Information**) have been elected to serve on the Board of Directors of the **National Information Standards Organization**.

CASPR, Inc., of Cupertino, California announced at LITA in Denver in September a Windows version and an MS-DOS version of its user access software **LibraryBrowser™**. The new versions of LibraryBrowser run on the network in a client-server environment.

After a bout with pneumonia, the amazing **Buzzy Basch** (**Basch Associates**) is getting better and is all ready for his appearance at the **1992 Charleston Conference**. After that, Buzzy is on his way to Stockholm to speak on serials issues. Buzzy and **Judy**

McQueen have recently released a report, "*Academic Library Responses to Serial Price Increases.*"

Online access to **Alfred Jaeger Inc.** back volume/issue service is now available through **EBSCO's EBSCONET® Online Subscription Service**.

Interperiodica Publishing, in association with the **Russian Academy of Sciences** is pleased to announce its expanding slate of English translation journals from the **Russian Academy**, adding 11 new journals to its 1993 roster. **Interperiodica**, based in Moscow, was formed in 1992 with the express purpose of eliminating the one-to-two-year wait for English publication of Soviet scientific research. For further information, contact **Catherine Ebert** at 800-633-4931. Address for subscription office: P.O. Box 1831, Birmingham, AL 35201.

The fall issue of *Dialogue, The Business of Publishing*, the newsletter edited and published in fall, winter, and spring by **Helmut Schwarzer**, Director of Publisher Relations, **Yankee Book Peddler** is out. Besides the usual useful Digest of Publishing/Trade News, the lead article, "Should Monopoly Lead to Complacency?" contrasts figures for American Book Title Production from various sources. Worth a close read.

An agreement in principle has been reached between **R.R. Bowker** and **J. Whitaker & Sons, Ltd.**, to create a combined database of over two million bindings on a single CD-ROM disc, updated monthly. The disc will contain all entries from **Bowker's Books in Print Plus™**, and Whitaker's **Bookbank**.

A free eight-page brochure listing all of the currently available technical standards covering the information sciences developed by the **National Information Standards Organization** is now available from NISO. The brochure includes brief annotations describing each standard and an order form. To request a free copy write or call or etc.: NISO, P.O. Box 1056, Bethesda, MD 20827. Phone: 301-975-2814. FAX: 301-869-8071; Internet: NISO@ENH.NISO.GOV. ☞