meriting serious federal attention. Banks are now withdrawing from the "Fed" at the rate of almost one a week, because many states permit banks' required reserves to be kept in interest-yielding instruments—a benefit the Federal Reserve System does not confer. Without widespread bank participation, the ability of the Fed to manage money markets would be severely hampered.

Originally, the nation's commercial banks functioned as the sole repositories of checking accounts; lax federal and state regulations now allow this function to be taken over in effect by credit unions, savings banks, and savings and loan institutions (called "thrifts"). Moreover, the thrifts in many states can offer checking accounts that bear interest—a device forbidden to commercial banks in 44 states. This is done under a number of guises; the principal one is called "Negotiated Offer of Withdrawal," or NOW.

As Nadler sees it, competition—and resulting improvement in services to customers—is being curbed by too much regulation. In many states, for example, commercial banks, but not "thrifts," are severely restricted in their use of such technological improvements as telephone transfer of funds (including bill-paying by phone) and 24-hour "electronic tellers."

Arab Oil Tankers: A Slow Start

"Arab Investment in Shipping Could Run Out of Steam Soon" by Bruce Barnard, in *The Middle East* (Jan. 1977), 17/18 Henrietta St., London WC2E 8Q, England.

When Arab states began generating huge revenues from increased oil prices in 1973, some Middle East leaders believed that a good way to put the new money to work would be to use Arab-owned tankers to carry Arab oil to foreign markets. This goal has not come close to realization.

Barnard, a writer on Arab affairs, notes that the newly created, nine-country Arab Maritime Petroleum Transport Company showed an operating loss in 1975 and that the associated United Arab Shipping Corporation will probably fall far short of its goal of 150 vessels, mostly tankers, by 1985. By then, ship tonnage controlled by Middle East states is expected to increase by only 45 percent, a growth rate, economists say, that falls well below what might be expected, given the Arabs' available capital and control of resources.

Why? Private investors in the Middle East have preferred to put money into such overseas and domestic ventures as real estate, tourism, and other potential sources of fast profits. The Arab countries entered the international shipping industry when it was showing its lowest profit rates in 30 years. And Middle East governments have had only slight success in making deals with Western or Japanese shipbuilders or shipowners because these firms fear competition with their own countries' tanker fleets.

There is hope, however, says Barnard. The Saudis have already built two small vessels in Finnish yards, and contracts are being signed for more. European investors, eager to stay in the Arabs' good graces, have recently opened negotiations with Arab governments on joint shipping ventures once viewed as too risky, because changes in political power could cancel or modify earlier contracts.

Iran is a focal point for joint private-government investment ventures involving foreign and domestic capital. While most big private investors in Tehran for a time eschewed shipping, chiefly because it was dominated by the state-owned Arya corporation, a new industrial development plan offers limited subsidies for investment in shipowning and low-interest, fast write-off loans for local carriers seeking to expand.

The Lessons of Concorde

"Supersonic Bust: The Story of the Concorde" by Peter Gillman, in *The Atlantic Monthly* (Jan. 1977), 8 Arlington St., Boston, Mass. 02116.

The development of the Anglo-French supersonic Concorde jetliner has taught politicians, promoters, and businessmen a number of lessons—notably that a $6.82 billion investment does not necessarily produce profits or international harmony.

Gillman, a London *Sunday Times* aviation writer, says the greatest mistake was made when the aircraft was first being seriously discussed 20 years ago; officials thought then that high speed would be more of an attraction to passengers than cheap tickets. (The Concorde passenger who flies the Atlantic now pays 50 percent more than the cost of a regular first-class ticket.) The second lesson stemmed from faulty design. Planners assumed that the aircraft would carry 150 passengers nonstop across the Atlantic; it was later discovered that, because of engine and fuel-tank design, the Concorde could carry only 70 people between Washington and Paris, its longest route. And even those 70 are cramped for space, Gillman says.

The third lesson is that international joint ventures do not necessarily make for harmony. In 1962, the British very nearly decided to drop out of the Concorde program; President de Gaulle, who wanted Concorde for French prestige as much as for profits, responded by saying such a decision would mean that the United Kingdom was not ready for entry into the Common Market. The British reconsidered and continued to participate in a costly project that has given the French and British aircraft industries much publicity but little else.

There is now talk, says Gillman, of a "second-generation Concorde." If it comes, he adds, it will be developed for reasons of profit, not politics or national prestige.