

ECONOMICS, LABOR & BUSINESS

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.