

defining what constitutes dishonesty. Dealing with the international character of the problems now arising will be difficult; regulatory authorities in the United States, Western Europe and Japan have recently been consulting about some aspects of their work, but they appear to have in mind more an exchange of information on blatant wrong-doing than the development of uniform sets of rules that will be made uniformly applicable. Should not the Organisation for Economic Cooperation and Development take the initiative in at least defining what needs to be done, by central banks and governments? The need must not be left to the inclinations of self-satisfied regulators.

Problems

Even domestically, governments (other than that of Japan) have problems enough to grapple with. Both in the United States and Britain, for example, there are problems about takeovers. In Britain, the Guinness scandal has given a new lease of life to the body of opinion that takeovers are in some sense morally reprehensible, but that is mistaken. Everywhere, the managements of badly run companies seek to avoid purchase even when they must know that it is in the best interests of everybody but themselves. Even when the objective is to acquire a company only then to break it into pieces, a takeover may make economic sense. It is not even reprehensible that, in the United States, the most spectacular takeovers of the past few years have been financed by what are called 'junk bonds' (which are promises to pay high interest rates without the backing of collateral); if people willingly shoulder the risk, nobody can complain. The difficulty, typified by an attempt mounted in the past two months to buy up the British company Pilkington (which invented the float glass process) is that a company's best defence against being bought up may be to base its strategy on a timescale no longer than that of the people who play the markets for short-term gain. Nobody could begin to guess how many companies in Britain and the United States have abandoned sound long-term research projects for the sake of making their annual accounts read well enough to keep marauders at bay. What governments and corporations together need to find is a mechanism for sustaining technical excellence within the maelstrom the markets have become.

Would all this not be simpler if people were less concerned with short-term gains, from the markets or from high interest rates? That nostalgic cry deserves attention in only one sense, but an important one affecting chiefly the United States, now the largest debtor nation on the international scene which has also accumulated a formidable amount of domestic debt, chiefly in states affected by the recent slump in the price of oil and agricultural products, but with junk bonds accounting for more than \$125,000 million as well. While Congress and the administration shape up for a bruising six months of argument about the budget for next year, nobody seems to bother about the sense of financial unreality induced by these huge amounts of debt. Indeed, the unreality has now spread to the US government itself, which seems wedded to creative accounting that would be reprehensible, and perhaps even illegal, if practised by public corporations. The *Wall Street Journal* reported last week that the Farm Credit system, to which many US farmers are indirectly in hock to the tune of more than \$70,000 million, will in future keep two sets of books, only one of which will record the proportion of the system's assets (loans) that have gone sour, and which have thus become federal obligations. The same practice, it seems, is spreading to other off-budget agencies of the US government, which are enabling unprofitable banks (and even bankrupt countries) to remain in business rather than stomach the embarrassment of recognizing that their assets have turned into obligations. When governments behave like that, how can they impose higher standards on the public companies they regulate? Or if, like Guinness, their hope that things will come right by accident is disappointed, how can they promise us that the system will not collapse like a house of cards? □

UNESCO in transition

The next director-general of UNESCO should be a scientist of some distinction.

BRITAIN, the United States and Singapore, which have walked out of UNESCO in the past two years, will have no direct say in the appointment of a successor to Dr Amadou Mahtar M'Bow, the director-general who retires at the end of the year, but they will have as vivid an interest in the outcome of the next four months of diplomacy, which will determine whether they are eventually tempted back into membership. Against the odds, they will be surprised to learn, at least two serious candidates have entered the field, together with a number of others put forward by member governments much in the spirit in which state delegations to political conventions in the United States propose favourite sons for an important nomination only to bargain away their later withdrawal. Why should sensible people seek such a thankless job?

Idealism, it seems, occasionally triumphs over cynicism, and optimism over disappointment. While the past few years of UNESCO's history have been marred by political squabbling and administrative confusion, the reasons why the organization was originally founded (in 1947) are probably more valid now than then. International problems touching education, science and culture persist, as do opportunities in these same fields. Moreover, UNESCO's record over forty years, while not nearly as distinguished as its founders hoped, has not been all dust and ashes. There is, after all, an international copyright convention (which is urgently in need of extension to cover intellectual property in general). In science, UNESCO has functioned chiefly as a sponsor of good works, but some of these have been very good. The international community has benefited greatly from UNESCO's early sponsorship of the International Council of Scientific Union and, latterly, from its support of the International Centre of Theoretical Physics at Trieste. UNESCO has gone off the rails by trying to be what other UN agencies mostly are — an aid agency for the developing countries of the world encumbered by a uniquely impoverished bureaucracy.

UNESCO's small harvest of success is a pointer to the choice of a new director-general. Even without the contributions of the United States and the others who have allowed their contributions to lapse, UNESCO is a substantial organization. Success requires that it should concentrate on the tasks it has discovered to be within its competence, which are mostly scientific in their connections. So logic would suggest that the next director-general should be a distinguished scientist with some experience of managing international organizations. The ideal would be that he or she should be from a developing country and thus well placed to disarm the complaint of UNESCO's largest constituency that it has been hijacked by the rich countries of the world. The reference books will show that one of the few people who might fit this demanding prospectus is Professor Abdus Salam, who shared with Weinberg and Glashow the Nobel Prize for the electro-weak theory, and who is now (among many other things) director of the Trieste institute. But would such an active physicist stand for such an office?

The surprise, apparently, is that Salam is even challenged by the idea, which appears also to appeal to several of the member governments of UNESCO. There is some evidence that his backers may be found to include the Soviet Union. Disappointingly, however, Pakistan (where Salam was born) seems bent on nominating its foreign minister, General Ayyub Khan. Would it not make sense that India, which has not declared itself, should make a gesture towards the resolution of the endless problems of the subcontinent by taking up the case for Salam? And that the United States and Britain, knowing that they will be lobbied to renew their membership once the issue of the director-general is settled, should use their influence in advance to ensure that UNESCO is competently led again?