

aco could admit them by the back door.

Monaco had long enjoyed a tax-free status, independent of France. This status chiefly had benefited individuals living on their dividends. Their influx had swollen the population to more than 22,000, making its 338 acres one of the most densely populated areas in the world.

Rainier decided it would be a splendid idea if American and other business corporations were given the same tax-free benefits. As far as the Monaco economy was concerned, the casino could rot.

For a while the policy succeeded beyond all expectations. The new business arrivals—referred to rather sardonically by the locals as “refugees”—formed impatient waiting lists, bought apartments and small offices as letter-box addresses, engaged Monégasques as titular “presidents,” and paid no taxes.

Building speculators did a booming trade. One of these, according to principality gossip, was Emile Pelletier, Minister of State appointed by Rainier with the blessing of General de Gaulle.

Whether it was true or not, Prince Rainier became more and more angry at Pelletier's private activities until relations between the ruler and his first minister were stretched to breaking.

One night in January, 1962, they snapped with a twang heard round the world. After the collapse of a complicated deal involving Monaco television, Rainier summoned Pelletier to the palace, summed up his character defects with blistering invectives, and fired him on the spot. Pelletier was so unnerved that he retired to a Nice clinic to calm down. He then passed into obscurity and has not been seen since in the principality.

But, for Rainier, the moment could not have been more unfortunately chosen. The Algerian war, which had absorbed nearly all General de Gaulle's attention after he came to power in 1958, was almost over, and he could turn his mind to other things. Furthermore, Pelletier had been one of his classmates.

THE GENERAL, hearing the noise from Monaco, asked his aides for an explanation. On being told that it had become a tax retreat for hundreds of corporations, he said, “Tax it,” and the French put up roadblocks at the frontiers.

To make matters worse, Princess Grace chose that moment to announce she was returning to Hollywood to make “Marnie” for Alfred Hitchcock. Monaco residents, already alarmed at the prospects of a clash with de Gaulle, panicked. They felt that if their princess was quitting the ship at this hypersensitive moment, it could be only because it was sinking even faster than was apparent.

Grace nervously explained she was returning to Hollywood for only one movie and that the money would go to Monégasque charities. She pointed out that her presence in Hollywood would win sym-

pathy for Monaco against de Gaulle.

The Monégasques did not see it like that. They protested to the prince's advisers. The advisers protested to the prince. The prince pleaded with the princess, and Grace reluctantly withdrew from the movie.

But when the smoke cleared from Rainier's battle and Grace's largely irrelevant movie caper, it was seen that Monaco virtually had died. The money had fled to places like Liechtenstein. The corporations had left. The building boom had collapsed. Even the soccer team had slumped.

Ironically, it is the casino that has suffered least from the crisis. While Monégasque revenues plunged, royalties from the casino actually edged up slightly. This has not, however, increased Onassis' power or influence. Hé takes almost no interest in the principality and would like to sell the *Société des Bains de Mer*. But nobody wants it at his price.

EVEN WORSE to Monegasque pride, Prince Rainier somewhere along the line ceased to be the absolute ruler. Back in 1959, irked by demands for constitutional reforms, he dissolved the 18-man National Council and banned public meetings. After that he was on his own. But in order to strengthen his hand with de Gaulle, he had to recall the council—a retreat in which he lost considerable face.

European “royalty registers” used to refer to Monaco as “a sovereign state.” Newer editions now call it “a semi-sovereign state.”

Grace and Rainier have reacted soberly to their reverses. In the old days they had a tendency to highhandedness. They either shunned the press or were chilly with reporters. All that has changed. Princess Grace works hard and conscientiously at her charities. She is less remote, more accessible; she talks freely about her family, her new baby, her home.

As a result, she has become more popular than ever. During the boom days, one rarely heard the names of Grace and Rainier mentioned in the principality. One had the impression that the Monégasques thought of them merely as presidents of a going concern.

Now, in face of recent tribulations, the Monégasques have closed ranks. They talk warmly of Grace's charity work, of Rainier's sponsorship of boys' clubs. Denunciations of de Gaulle are furious and bitter.

No longer a tax sanctuary, no longer a really independent state, Monaco continues to have its flag, its postage stamps, its prince and princess, but these adornments merely make it a rather special kind of department of France.

The Monégasques insist vociferously that they are different from the French—and somehow, in the calamities that have befallen them of late, they have found the character and dignity that truly make them distinctive. The same also may be said of Grace and Rainier.

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