PARALYZED E.E.C. CAN'T DO ITS JOB, CHAIRMAN SAYS

UNRESTRICTED BILLIONS

Portions Split Humpers Rule Enforcement for 1964 Race

IN BERLIN, TROUSSEAU

WASHINGTON — The leader of the liberal wing of the European Union, the agency charged with regulating the Western world's largest single market, has been paralyzed by an intransigence that experts say may be more damaging to the continent's economy than the Cold War was to its stability.

"The brain of the beast has been killed off," Ann M. O'Neill, the chairman, said in a rare public statement. "We are just three months away from the three-year mark for the European Union, and yet we are still stuck in the doldrums."

Flights are canceled, banks are closed, and businesses are shuttering. The E.U. has become a symbol of dysfunction, experts say, and its failure to act on pressing issues is costing the continent billions of dollars in lost economic productivity.

"The E.U. is like a giant ship that can't move because of a lack of cooperation among its various member states," said Peter van der Linden, a political scientist at the University of Ghent. "It's a case of paralysis by numbers."