

EUROPE

An abstract painting in a style reminiscent of Vincent van Gogh, featuring several hands in shades of pink, orange, and red. The hands are holding several rectangular blocks. The top surface of these blocks is painted with a map of Europe, using green, blue, and purple colors. The background is dark and textured with blue and purple tones.

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CREATING A NEW WORLD ORDER

A Unified Germany Looks
to the Future

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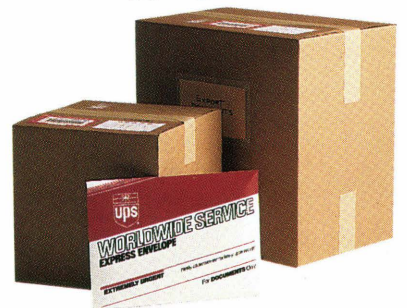
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EUROPE

MAGAZINE OF THE EUROPEAN COMMUNITY



GERMAN INFORMATION CENTER

16

COVER STORY

A New World Order: The View from America. Defining vital interests abroad.

Lionel Barber 6

A New World Order: The View from Europe. Becoming a key player on the international stage. *Charles Goldsmith 9*

European Opinions on the New World Order. Three key Europeans give their views of what this might constitute. **11**

MEMBER STATE REPORT

Interview: Jürgen Ruhfus. The German Ambassador to the U.S. discusses Germany's new role in the world. **13**

Germany. Learning to shoulder new responsibilities. *Wanda Menke-Glückert 16*

A European Germany. Germany's unification has provided a dynamic impetus to Europe's unification. *Rachel Hughes 19*

Political and Business Profiles. Today's leading "movers and shakers" in German business and government. **21**

Germany's Immigration Dilemma. Refugees trigger social tensions. *Colleen O'Connor 23*

Willkommen in Deutschland! The art of enjoying life in Munich and Berlin.

Peter S. Greenberg 25

Interview: Gerd Languth. The Head of the E.C.'s Bonn office speaks out on Germany's role in the E.C. **27**

FEATURES

Europe and the War. Standing side by side with the United States. *David Lennon 29*

European Responses to the Gulf Crisis. *Maurice Gent 30*

The War is Over: What Next? U.S. and European plans to rebuild Kuwait. **32**

DEPARTMENTS

4 European Scene

34 Capitals

40 Personalities

42 E.C. News

44 Books in Review

47 E.C. Bookshelf

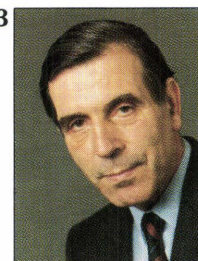
48 in closing . . .

29

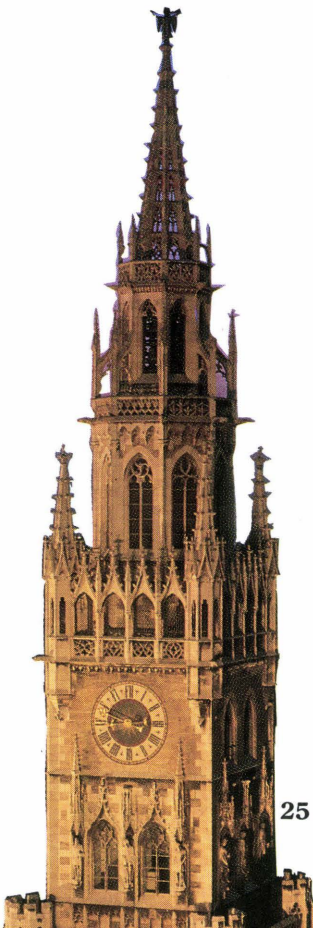


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13



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25

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Letter From The Editor

NO PRECISE DEFINITION YET exists for the term "New World Order." President George Bush, who often refers to the term in his speeches, says that "a new world order can emerge . . . in which the nations of the world, East and West, North and South, can prosper and live in harmony."

Europe looks at the idea of a New World Order, and how U.S.-European relations might be affected by this change in the world.

In our cover story, Lionel Barber, the *Financial Times*' Washington correspondent, looks at the American view of a New World Order, while Charles Goldsmith, UPI's chief diplomatic correspondent in Brussels, discusses Europe's view of this concept.

Also, Jürgen Ruhfus, German Ambassador to the United States, Enrique Barón Crespo, President of the European Parliament, Jacques Poos, Foreign Minister of Luxembourg, and Andreas van Agt, the E.C.'s Ambassador to the United States, give their views on what might constitute a new world order.

In this month's Member State Report, *Europe* examines the problems and opportunities that now confront the united Germany. In addition to a lengthy interview with the German Ambassador to the United States and an economic and political overview by our Bonn correspondent Wanda Menke-Glückert, *Europe* presents profiles of the leading "movers and shakers" in business and government in Germany today. And the head of the E.C.'s Bonn office looks at the united Germany's role in the E.C. and the 1992 single market.

Europe also looks at how Germany is coping with the large number of immigrants from Eastern Europe and the Soviet Union, and, on a lighter note, presents a travel guide for tourists planning to visit Berlin and Munich.

The countries in Europe are playing a vital and very key role in the U.N. coalition in the Persian Gulf. David Lennon, one of *Europe's* contributing editors, has just returned from Cairo and writes about the war effort against Iraq, looking in particular at how the individual European countries have responded to the Gulf War. Maurice Gent, formerly with the British Broadcasting Corporation, indicates optimism among European leaders that, as a result of the crisis, a stronger stance on political union will now emerge.

Europe presents an expanded book review section that leads off with a review of the bestseller *The Prize: The Epic Search for Oil*.

I encourage our readers to send their views of what they feel might constitute a New World Order and what it would mean for the post-cold-war era.



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EUROPE

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February 6, 1991



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EUROPEAN SCENE

Dylan Does Europe

Rock legend Bob Dylan just can't seem to get enough. He has been on a "Never-Ending Tour" across the world for over two years and, at the same time, has contributed to various charity concerts, released a rap recording, made a record to help Romanian orphans, played with the "Grateful Dead," and reached the best seller charts as a "Traveling Wilbury."

He still had so much energy left after all these musical endeavors that his "Never-Ending Tour" zigzagged its way to Europe at the beginning of 1991. It began in Zurich in late January amid uncertainty as to the band's composition after the guitarist quit and the drummer was fired. But Dylan's material made up for it: He reworked over 100 of his songs, and has adapted his material from the 1960s countless times.

Last year, to crown the star's multifaceted achievements, the French Government awarded Dylan one of France's highest cultural awards—the "Commandeur des Arts et des Lettres"—for his many charity appearances. One wonders whether the Lifetime Achievement Award he received at the Grammys last month can top that?

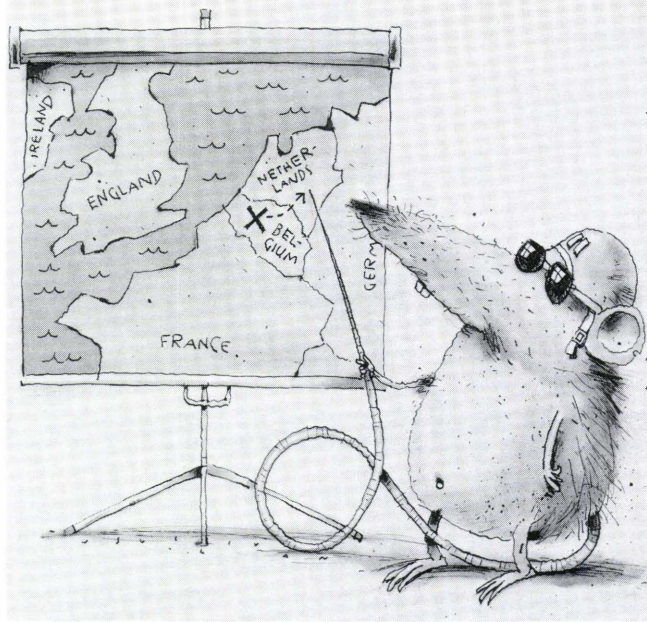


ILLUSTRATION BY JEN SULLIVAN

No Muskrat Love Lost

It's official: Muskrats will not be affected by the 1992 single market.

Muskrats tunneling their way from Belgium to the Netherlands are becoming a real problem for the Dutch, who will not get help from the E.C. to end this invasion.

According to a Dutch Euro-Parliamentarian, the muskrat population is rapidly increasing: Some 17,000 migrated from Belgium in 1987, compared to

8,500 two years earlier and their persistent burrowing at strategic weirs and dikes is causing damage.

Requesting help from the European Parliament, however, was to no avail. E.C. Environment Commissioner Carlo Ripa di Meana replied clearly and definitively in a written answer that "muskrat control is the responsibility of the member states."

CHANGING ECUs—Mecu, Decu, Eiffels, Beethovens, Europas, Monets—these and other terms have all been put forward as possible names for the small change of the European Currency Unit (once that currency comes into daily use), and show that naming small change is a big deal.

So far, the ECU (currently worth about \$1.34) has been used exclusively as a tool of high finance. But if it is to be brought into daily

use, a smaller unit will become necessary. Rounding up to the nearest ECU would be very costly very quickly.

The guessing game has been precipitated by the E.C., which plans to start paying its employees in that European currency starting this July. That would start circulating the currency among consumers, leading to all sorts of problems. How, for example, would one feed parking meters?

HIGH FASHION AT A LOW EBB—The high-fashion industry is feeling very low these days. Now that the 1980s, a decade of conspicuous consumption and rash spending have given way to a global economic downturn in the 1990s, everyone is feeling the pinch of a recession and the Persian Gulf crisis. Nowhere is this more evident than in Paris' "haute couture" industry, however.

At one time, Americans represented almost half of the world's 2,500 high-fashion customers, and oil-rich Arab princesses and businessmen's wives made up another group of very reliable and generous clients. But, alas, no more.

"The situation is bad for French exporters," says Jacques Mouclier, head of the *Chambre Syndicale de la Couture Parisienne*. "The Americans' buying power has been considerably diminished... Only the Japanese are still buying."

European bureaucrats, ever fond of acronyms, and "ECU-philis" will undoubtedly demand a snappy name for the "baby" ECU. In fact, the search could very well turn into an E.C.-wide competition that could render the winner famous. Could it just be the journalist who suggested "eculets?"

Reuters contributed to these news reports.

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February 1991



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A NEW WORLD ORDER

The View from America

Shortly after Iraq invaded Kuwait, President George Bush delivered an address to Congress on September 11, 1990, that the White House hoped would rival Winston Churchill's 1946 "Iron
● **Curtain"** speech in Fulton, Missouri.

In an expansive mood, Bush declared that the Gulf crisis amounted to a "unique and extraordinary moment" in history, a rare opportunity for nations to act collectively to forestall future acts of aggression. "Out of these troubled times," he predicted, "a New World Order can emerge."

Sounding at times like his Democratic predecessor, Woodrow Wilson, Bush went on: "A hundred generations have searched for this elusive path to peace, while a thousand wars raged across this span of human endeavor, and today that new world is struggling to be born.

"A world quite different from the one we have known. A world where the rule of law supplants the rule of the jungle. A world in which nations recognize the shared responsibility for freedom and justice. A world where the strong respect the rights of the weak."

The creation of a
new world order
ranks as the new
Bush Doctrine—
seeking to define vi-
tal U.S. interests
abroad.



ILLUSTRATION BY TONY FRYE

The creation of a new international order now ranks as a U.S. objective in the Gulf, alongside more immediate postwar goals—such as the establishment of a true and lasting peace in the region. In effect, it ranks as the new Bush Doctrine, following in the steps of the Nixon Doctrine, the Carter Doctrine, and the Reagan Doctrine, each seeking to define vital U.S. interests abroad.

Yet very few people inside or outside the Administration are sure what the President has in mind, or how he intends to achieve it. So, does the New World Order amount only to a collection of noble sentiments, or can it provide a blueprint for the future and for America's own place in the world?

The context to the September speech

is worth recalling. Bush had just returned from Helsinki, where he had held a brief but productive meeting with Soviet President Mikhail Gorbachev. A joint communiqué issued afterward declared that both countries were united in the view that Iraq's aggression was intolerable, and that "no peaceful international order is possible if larger states can devour their smaller neighbors."

That Gorbachev and Bush were able to produce a joint statement on the Middle East—a region long plagued by U.S.-Soviet rivalry—confirmed that something positive was indeed afoot. In the run-up to Helsinki and in the following months, the United States worked hand-in-hand with the Soviet Union inside the U.N. Security Council. Together, their

cooperation served as the driving force behind multiple U.N. resolutions imposing economic and military sanctions against Iraq, despite its long-standing ties as a Moscow client.

Nor was Bush the sole Western political leader making optimistic statements about the future. In 1990, many Europeans believed that striking and beneficial changes had come about with the end of the cold war. The abrupt collapse of the Soviet communist satellites in Central and Eastern Europe; the negotiated withdrawal of the Red Army from the region; the peaceful unification of Germany; the renunciation of the leading role of the Communist Party in Moscow; and the signing of the treaty on conventional force reductions in Europe—all these



Bush's ideas for a
New World Order
involve international
coalitions working
against aggression
and through the
U.N. Charter.

events gave rise to widespread hope that the post-war confrontation between East and West was over and that a new era of mutual trust and assistance was about to dawn.

The intervening months have shown that the new age may be a good deal more elusive than first imagined. Iraq's invasion of Kuwait illustrated dramatically how a heavily armed aggressor might seek to exploit diminished superpower tensions; equally important, the revival of nationalism and ethnic rivalry in Eastern Europe and the Soviet Union is symptomatic of how the end of the cold war has created new threats to stability. Far from heralding the "end of history," as one former State Department official recently forecast, the collapse of communism has led to the "Rebirth of History," as author Misha Glenny points out in his so-named new book on Eastern Europe.

In light of the obvious potential for upheaval and disorder, Bush's invocation of a new world order may, therefore, have some merit. But most of his ideas, sketchy as they are, revolve around the principle of mustering international coalitions against aggression and working through the United Nations charter. This should come as little surprise; Bush is, after all, a former U.N. ambassador. Yet he has been a lot more successful in persuading Congress to support collective action than former President Wilson was after World War I.

In the past three years, thanks to improved U.S.-Soviet relations, much progress has been made toward settling regional conflicts in Nicaragua, Angola, and, to a lesser extent, Afghanistan and Cambodia. The U.N. has played a useful role. Still, the suspicion must be that the more favorable attitude in the executive branch toward multilateral collective action remains dependent on the compliance of such multinational institutions. Washington's enthusiasm, for example, for developing new mechanisms, such as the CSCE conflict resolution center in Europe, seems minimal.

Much will depend, too, on continuing U.S.-Soviet cooperation to make the U.N. Security Council mechanisms truly effective, and there major doubts arise. After the dramatic resignation of Eduard Shevardnadze, the reformist Soviet Foreign Minister, and Gorbachev's resulting shift to the right, relations between Washington and Moscow have taken on a far more sober tone.

Talk of strategic partnership, all the rage last autumn, has all but evaporated as arms control agreements have either stalled or unraveled. Meanwhile, Gorbachev has tacitly supported the violent crackdown in the Baltics, abandoned any pretense at economic reform, and seems to have stood powerless at the resurging influence of the Soviet military.

Bush would argue that the New World Order was never meant to suggest a superpower condominium, and that something far broader, encapsulating a new ruled-based system of shared democratic and free-market values, was the ultimate aim. But to date, the President has done very little to spell out how he intends to attain his goal of a new world order. Specifically, the place of Germany and Japan, two of the top three world economic powers, remains at best nebulous.

At the beginning of the Gulf crisis, Germany and Japan did very little to lay claim to the position that their wealth and prestige demanded. To use a phrase often employed by Bush, both countries at first failed their individual test.

When the Bush Administration pressed Bonn for a more expansive view of NATO's role outside the European theater, the politicians and opinion leaders hesitated. Requests for financial aid at first met with general commitments and excuses about the cost of German unification and seemingly forgot Washington's pivotal role in that development in 1990. However, Germany has firmly re-stated its commit-

ment to the U.S. coalition in the Gulf and has continued to increase its financial support to the Allied effort.

Japan also showed itself extraordinarily insular. Despite importing vast quantities of Middle Eastern oil, Tokyo appeared to view Kuwait as a far-off country and its fate of little concern. When the Japanese Government finally agreed on an aid package to bolster the multinational coalition, much of the money was either tied aid or subject to delay—something that will be remembered on Capitol Hill.

All this equivocation—coupled with uncertainty about the future stability (even survival) of the Soviet Union in its present form—has created a feeling in Washington that the United States is, after all, the only world superpower, and the only country that enjoys leadership in economic, political, and military power. This feeling will surely grow now that Bush has pulled off a clear military victory against Saddam Hussein.

In the afterglow of the Allied military victory, there is now a resurgence in American confidence. It may also strike some observers as misplaced confidence, given the instability of the U.S. financial system, and the weaknesses in education, training, and competitiveness that provide the measure of a nation's long-term health and strength.

But for Bush, the lessons of the Gulf crisis are unmistakable. In his State of the Union address to Congress in late January, Bush spelled out an expansive vision of America's present and future role, declaring that in a rapidly changing world, "American leadership is indispensable."

Bush said the hopes of humanity turn to the United States, and that Americans enjoy "a unique responsibility to do the hard work of freedom," adding for good measure: "If anyone tells you that America's best days are behind her, they're looking the wrong way."

In Bush's eyes, therefore, the New World Order is contingent upon American values, American leadership, and American strength. It is far from clear whether the rest of the world shares that view, or whether it is a recipe for running the world for any length of time. But the lesson for Europe, as it proceeds toward economic and political integration, is that Bush believes what he says: America is back, and the rest of the world should take note. **E**

Lionel Barber is the Washington correspondent of the *Financial Times*.

A NEW WORLD ORDER

The View from Europe

In the Old World Order, Europe always had somebody else to blame, while few people blamed Europe: The big, bad Russian bear was the obvious culprit for poverty, misery, and environmental nightmares in Eastern Europe. Rising safety concerns from NATO's massive arms buildup in Western Europe were America's fault, and the European allies were only being good soldiers by following orders. Woes such as economic slowdown and inflation flowed from Japan and the United States, while Europe waited for good news from Tokyo and Wall Street.

Charles Goldsmith

ILLUSTRATION BY TONY FRYE





Europe is to play a
key defense role as
the "European pil-
lar" in the new
trans-Atlantic security
structure.

But that was the Old World Order. Now President George Bush has proclaimed a New World Order, in which Europe is expected to be a big-league player in its own right, so that the problems—and the solutions—will begin at home.

"The European Community is now perceived as a major power, and not just as an economic one," E.C. Commission President Jacques Delors recently told the European Parliament. "Much is expected of it." Indeed, with a single market of 340 million people fast approaching, and with plans afoot for a single currency, the E.C. is now expected to lead, not follow, in international finance and trade.

Now that the cold war is over, the fledgling democracies emerging from the Warsaw Pact's dust expect the wealthy countries of the E.C. to provide much needed investment capital, advanced technology, and expert guidance for desperately needed environmental problems. In addition, now that the Berlin Wall has gone from being a menace to becoming a souvenir, Europe is expected to play a key defense role as well, not as America's very junior associate in NATO, but as the "European pillar" of a new trans-Atlantic security structure.

"The task is to give the alliance a stronger European character," NATO Secretary General Manfred Wörner recently told the Brussels-based Center for European Policy Studies. He added, significantly: "If Europe is to assume its new responsibilities—and in my view it has no

other choice—then it must pull itself together more closely and more rapidly, and free itself from outmoded notions of national sovereignty."

The twin E.C. intergovernmental conferences launched last December to forge a common E.C. foreign policy and a joint monetary policy, leading eventually to a single currency and, perhaps, one day, to a true "United States of Europe," were moves in that direction. The E.C.'s fragmented response to the Gulf crisis, however, proved almost instantly that age-old notions of national sovereignty die hard. One newspaper called Europe "hesitant and haggling," while another announced that "war brings out the mouse in Europe's prosperous giant."

Belgium angered Britain by not selling it needed ammunition; France broke ranks with its E.C. partners by pursuing a solo diplomatic initiative; Germany's early hands-off approach to the conflict was roundly criticized in Europe and abroad. Even Delors, a champion of European integration, acknowledged the E.C.'s shortcomings in the Gulf crisis. "To be brutally honest, public opinion sensed that Europe was rather ineffectual," he told the European Parliament. "We will have to face up to the lessons to be learned in due course."

In the Old World Order, when the two superpowers called all the security shots, Europe escaped public opinion's scrutiny because so little was expected of it on the world stage. But that is no longer the case. Bush's New World Order seeks an international consensus on major issues, especially questions of moral right and wrong. The verdict on Saddam Hussein was easy; the next world trouble spot may pose a tougher call, and Bush seeks to ensure Europe's support.

To that end, the U.S. Administration has carefully cultivated, and formalized, ties between the United States and the European Community, beginning with U.S. Secretary of State James Baker's December 1989 speech in Berlin. On another level, meetings between the U.S. and E.C. presidents, which used to take place only when convenient, now repeat like clockwork every six months, as do high-level ministerial meetings. In fact, Baker has become a regular visitor to the Community's sprawling headquarters building in Brussels. This new attitude toward cooperation was enshrined last November in the four-page Trans-Atlantic Declaration, which pledges close cooperation in trade, science, and education, along with a new partnership to

"safeguard peace and promote international security."

The architecture of that new security partnership is sparking the most debate.

In the Old World Order, NATO was the unchallenged linchpin of Western European security; other organizations, like the nine-nation Western European Union (WEU), were considered moribund at best. Now, as the E.C. considers its own future security structure, France and several other countries are seeking to merge the WEU into the E.C. to form a new European pillar. Other E.C. nations, notably the United Kingdom and the Netherlands, caution against any new structure that would weaken NATO; they argue that NATO has been the world's most successful alliance over the past four decades and that "if it ain't broke, don't fix it."

William H. Taft IV, the U.S. Ambassador to NATO, has warned against creating a "polarized" alliance. "The U.S. public won't understand any proposal to replace NATO with a different mechanism to undertake its fundamental role of deterrence and defense," he told a London security conference in mid-February.

The E.C.'s debate on its future foreign policy role could hinge on events in the Soviet Union. Already, the crackdown on protests in the Baltic states and the Soviet military's resurgence have muted the "NATO is dead" chorus often heard in the trouble-free days of last fall's Paris summit of the 34-nation Conference on Security and Cooperation in Europe.

As with political union, the intergovernmental conference on economic and monetary union will entail some hard bargaining. A few cracks have already appeared. French Finance Minister Pierre Bérégovoy was highly critical of Germany's central bank for raising interest rates at a time when much of Europe feared recession. "There are those who think of others, and there are those who think of themselves," Bérégovoy said in a slap at the Bundesbank.

The Community also aired its dirty laundry at the 107-nation General Agreement on Tariffs and Trade talks last year, when E.C. nations debated among themselves for weeks over the extent of cuts in farm subsidies. In the Old World Order, nobody might have noticed the E.C.'s family quarrels, but in this round of trade talks the E.C.'s farm policy was a crucial issue. But then nobody said that the New World Order would not entail growing pains.

Rather than derail E.C. plans for political and monetary union, Euro-federalists

say that recent arguments within the Community show the need to speed up the integration train.

Sir Leon Brittan, the E.C. Commissioner for Financial Services, notes that it is crucial for the two intergovernmental conferences to forge strong new institutional wombs from which unified policies can be born after a gestation period. He stated that "it is easy to overstate the extent of Community disarray" over the

Gulf crisis, and that "it is no use criticizing the Community for not being what its member states have so far not wanted it to be.

"Common policies, in any field, do not spring out fully armed, like Athena," he added. "Joint policies have to be fashioned. Common policies need strong common mechanisms for their creation, and these mechanisms have to be tested over time to discover their full potential."

That test is sure to be challenging, sometimes fulfilling, but sometimes also heartbreaking. For Europe, it will be a real test: Only Europe can take the credit or the blame, and that is what makes the New World Order so exciting in the Old World. **E**

Charles Goldsmith is the Chief European Diplomatic Correspondent for United Press International in Brussels.

EUROPEAN OPINIONS ON THE NEW WORLD ORDER

Europe asked three key Europeans for their personal visions of the New World Order and how would it affect Europe.

Jacques F. Poos, Minister of Foreign Affairs of Luxembourg, and currently President of the E.C. Council of Ministers

The world situation today is overshadowed by events in the Middle East. Active steps must be taken to put the relations between the West and all Middle Eastern countries on a new and sound footing. A thorough reassessment of our policies toward all these countries should already be started in the European Community. The "after-war scenario" should be implemented as soon as circumstances permit.

The Middle East is such an important part of the world, politically as well as economically, that it will necessarily require the first effort to establish an overall new world order. Following this—or better still, in parallel to it—we must undertake the task of reducing the gap between North and South, between developed and less developed countries. At the same time, we must devote much sympathy and attention to events in Eastern Europe and the Soviet Union. The great hopes awakened by *glasnost* and *perestroika* must be allowed to flourish. Only then can we hope to live in a world free of strife, where democracy and human rights will not be idle words.

Enrique Barón Crespo, President of the European Parliament

We are living through an extraordinary moment. Although we suffered from the

Gulf War, it is very important to note the revival of the United Nations as a cornerstone of a world order. We must not forget that, first of all, the condemnation of the invasion of Kuwait was decided in the U.N., and second, that the embargo and subsequently the January 15 deadline, were decided by the U.N.

The Allied coalition fought a war in order to restore international law. I think that this [coalition] is a unique case because there are Arabic and Islamic countries, Western countries, Northern and Southern countries in this broad coalition.

I would add also that such principles as democracy and the respect for human rights are becoming more and more adhered to. If one looks at world events in the past two years, one can conclude that these principles are increasingly defended and proclaimed—not only in Central and Eastern Europe but also in Latin America, Africa, and even in China and Burma.

How will these changes affect Europe? When you consider the November CSCE conference in Paris, and the formal proclamation and signature of the Charter of Paris, Europe as a continent is at a new stage. When we signed the Helsinki CSCE accords, we all in principle belonged to a different part of Europe. Now [these accords] are common principles for the whole Continent and, for the first time in centuries, Europe has become peaceful, although one cannot say the situation is stabilized, for we do have conflicts.

I think the Community has to play a major role in all these world events; it is part of its responsibility. The E.C. holds not only the responsibility of a first world trade power, it must also assume a political responsibility.

The term "New World Order" is a good definition if it includes peace, cooperation, democracy, and disarmament.

Andreas van Agt, E.C. Ambassador to the United States

"A New World Order"—a catchphrase recently coined by a world leader; what exactly does it mean? Let us take a look at the agenda for the coming decade.

The obvious trend toward democracy, observance of the rule of law, and respect for human rights should be reinforced. In recent years, scores of authoritarian regimes have either collapsed or at least embarked on a process of political reform: in Central and Eastern Europe and in the Soviet Union; in Latin America; in some African countries; even in China and Vietnam—an explosion of democratic forces is visible all over the globe.

For a variety of reasons, the world community is in need of institutions with the authority to proclaim international law and the tools to impose it effectively, and, if need be, forcefully, to those grossly violating it. The Gulf crisis, for all the evil it brought, has resulted in a surprising revival of the U.N., notably of its Security Council, as the guardian for the enforcement of international law. It remains to be seen whether this reappearance of the Security Council as an effective guardian will be lasting, based as it is on a dramatic improvement of relations between Washington and Moscow, at least for the time being.

For the Security Council to retain its authority and credibility, its composition needs to be updated. The world has changed dramatically since World War II. China is a permanent member of the Council, but Japan is not. Britain and France are permanent members, but Germany is not (neither is the European Community). However delicate this issue may be, it will have to be tackled at some point in time.

Continued on page 33

Emerging Economies of the Nineties



German Unification Economic Issues

(Occasional Paper No. 75)

Since the achievement of German economic, monetary and social union in July 1990, there has been an increasing demand for information on the implications of this new and powerful economic entity.

This report focuses on the diverse ramifications of the revolutionary developments in Germany. Covering the

economic background to unification in both East and West Germany, it looks at the investment needs in East Germany, the domestic and international macro-economic consequences of unification, immigration, savings and investments, and other vital topics. A valuable reference piece on this fast changing economy.

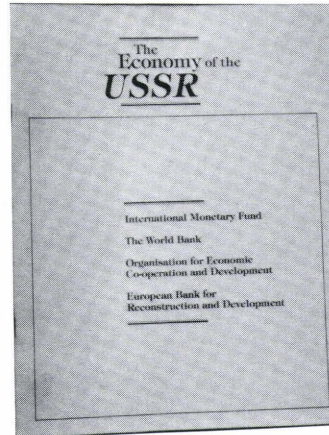
IMF, 1991, ISBN 1-55775-200-1, \$10.00

China: Economic Reform and Macroeconomic Management

(Occasional Paper No. 76)

China, a country of vast size and importance, implemented sweeping economic reforms in the last decade. The aim of these reforms was to provide incentives for productivity gains and diminish the role of central planning, the corner stone of economic policy up to this time. This study presents a detailed review assessing their effectiveness and identifies the main problems encountered. It also examines the evolving functions of monetary and fiscal policy under the reforms and assesses the extent to which they may contribute to the external and internal imbalances during the period. In addition, possible modifications to monetary and fiscal institutions are looked at, along with policy mechanisms and other factors that might be helpful in strengthening macroeconomic management.

IMF, 1991, ISBN 1-55775-202-8, \$10.00



The Economy of the USSR

President Gorbachev and other leaders of the Soviet Union have indicated their intention to transform the USSR into a market-oriented economy, integrated with the global environment.

Following the Houston Economic Summit in 1990, four leading global economic institutions were

commissioned to undertake a comprehensive study on the economy of the USSR. Experts from the International Monetary Fund, the World Bank, the Organization for Economic Cooperation and Development and the European Bank for Reconstruction and Development examined the current state of the Soviet economy, made recommendations for its reform and established criteria under which Western economic assistance could effectively support such reforms.

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IMF, 1991, ISBN 0-8213-1768-7, \$15.95

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Jürgen Ruhfus

Jürgen Ruhfus, German Ambassador to the United States, speaks out on the New World Order, Germany's relations with the United States and the Soviet Union, German unification, and the Gulf War in an exclusive interview with Europe. Ambassador Ruhfus, former State Secretary in the Foreign Office of the Government of German Chancellor Helmut Kohl, spoke with Europe's Editor-in-Chief, Robert J. Guttman, in Washington.

President Bush has talked often of a New World Order. What is your concept of this New World Order and how do you see Germany's role in it? Indeed there is the chance of a New World Order, and I very much welcome the views put forth by President Bush. Germany's contribution can be, first, to promote the unification process in Western Europe. The aim will be to strengthen the E.C. and work toward achieving political union more rapidly. Second, Germany will work to bring Eastern and Western Europe closer together to enhance cooperation between the E.C. and Eastern Europe, including the Soviet Union. Third, to use peace dividends, if available, from the end of the cold war to improve East-West relations. These peace dividends should be used to enhance democracy, human rights, and the rule of law worldwide, and to help the Third World with its economic, political, and ecological development.

Would the idea of a New World Order be possible if there hadn't been a change in the Soviet Union?

The changed climate between East and West is one of the very essential factors.

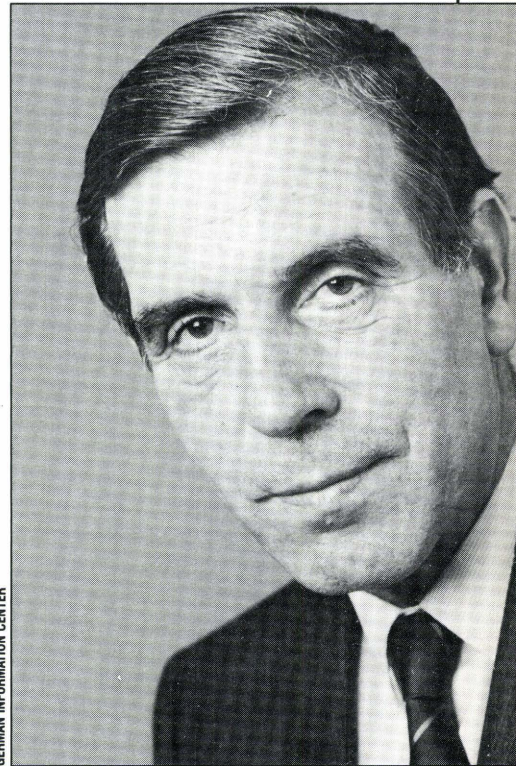
Helmut Kohl talks about a European Germany

and not a German Europe. How would you define this phrase, and what is Germany's commitment to the European Community?

This phrase is enshrined in our Constitution, which says that a united Germany should make its contribution toward worldwide peace as a partner of a united Europe. Thus German unity was always closely linked to European integration. We are very grateful for the support we have had, particularly from the United States and from our European partners and neighbors, including those in Eastern Europe and the Soviet Union. We are grateful for the support from the E.C. because President [Jacques] Delors took a very strong and clear stand at an early date in the process of unity.

We now have made clear that a united Germany is part of the E.C. and that it will look toward rapid integration. That means, first, realizing "Europe 1992." We have already completed two-thirds of the single market program. Second, we are working to abolish border controls. Our work under the Schengen Agreement will make more visible to European citizens our progress in growing together. Third, we are working for progress toward economic and monetary union. And fourth, we are working for more cooperation between Eastern and Western Europe, considering the E.C. as a nucleus of the democratic, market-oriented, European states.

The Community was never called the Community of Western Europe. It is the European Community and thus, in the next years, it will be very important for us to keep open the possibility for Central, Eastern, and Southeastern European countries to have closer economic cooperation with the E.C. and becoming, initially, associate members and, ultimately, full members.



GERMAN INFORMATION CENTER

*The German Ambassador
to the U.S. discusses
Germany's new role
in the world*

You talked about progress toward Economic and Monetary Union. Does Germany support EMU?

Germany remains committed to monetary union and will work for it. Important elements for Germany are that the future European monetary system will not be less stable than the German mark and that the future central bank of Europe will be independent and thus in a position to work for economic and monetary stability in Europe just as the Bundesbank has been doing so far.

Do you see Germany as an economic superpower or just as one-twelfth of the Community?

We see ourselves as one of the bigger partners of the Twelve. However, this does not lead us to follow some sort of power politics, but rather to try and shoulder a larger part of the responsibility.

A large part of this involves being a driving force toward European unity. This had been the Federal Republic's policy since [Konrad] Adenauer and will now be continued in the United Germany.

What is the commitment of former East Germans to the European Community?

For them it has the great attraction of joining the family of democratic, Western nations. In addition, it gives them access to the E.C.'s higher standard of living. It was very important that the E.C. took such a positive stand from the outset.

We very much hope to overcome the mismanaged socialist economy. We need more investments in eastern Germany, and we hope that these investments will not only be made by West German companies. We want our West European partners to take part in these investments, but we also want our American friends to do so—for economic and political reasons—so that we can integrate the new five *Länder* into the family of Western democracies as quickly as possible.

Neither American nor Western European firms are investing much in the former East Germany because of ownership problems. How will you get people to invest?

A number of big American fast food, soft drink, and car companies are already planning to invest or are already investing in East Germany. Others will follow this example.

It will be very important to quickly overcome the present legal problems of the ownership of land, of the restitution of expropriated property to former owners, so that there is a sound legal basis to

promote safety for investors. That will be a very important incentive for U.S. and Western European companies to invest

“For us, German-American relations are crucial. This is why Germany, together with the rest of the E.C., took the initiative for the Trans-Atlantic Declaration last year to underline the existing links and shared values.”

more and we are convinced that it will be lucrative in years to come.

How would you characterize German-American relations at the present time?

A very solid basis of friendship has grown over the past 45 years. For us, German-American relations are crucial. This is why Germany, together with the rest of the E.C., took the initiative for the Trans-Atlantic Declaration last year to underline the existing links and shared values.

There have been some disappointments during the past weeks, but I think it is now better understood that there are limitations, due to our Constitution, for participation of German troops in the Gulf. It is clear, however, that the German people and Government show full solidarity with the coalition partners in the Gulf, in particular with the United States, and that we are doing what we can within our legal and constitutional situation to demonstrate our solidarity.

This is why we have so far made available a substantial contribution of over \$11 billion to the United States and other allies, to frontline states, and to Israel. German troops are being deployed in the Eastern Mediterranean; we have sent a German Air Force group to Turkey; we have dispatched air defense matériel to Turkey; and we have made available all of Germany as a hub for the logistical support in the Gulf. Our airports have been

used intensively to fly in support for the troops in the Gulf area.

And let me add that an important part in the fight against the dictator Saddam Hussein is the solidarity in the United Nations. Germany has made its contribution to overcome East-West tensions and thus made a contribution to this cooperation. A solid majority in Germany favors the U.N. resolutions, the actions taken by the coalition, and in particular by the United States, which carries the greatest burden in the War. A very large majority also agrees to the financial participation, which will lead to a considerable increase of taxes in Germany.

You've had a special relationship with Israel over the years. What's happening to that because of the Gulf War?

People in Germany were shocked when they learned about the air raids threatening the civilian population in Israel. This is why one of the first steps taken by the new German Government was to send the Foreign Minister and the Minister of Economic Cooperation to Israel to discuss German aid in the humanitarian field and in economic cooperation, and in providing Israel with the arms necessary to defend the country and the people. All parties have underlined that the united Germany will also continue to have close relations with Israel and that it will continue to feel a responsibility for cooperation and assistance to Israel.

How will the German Government solve the problem of German companies that have been selling supplies and equipment to Iraq in violation of the U.N. embargo?

First, let me say that we have not sold any weapons or arms to Iraq for 30 years, but there have been reports that some German companies allegedly made illegal exports to Iraq. The German public was shocked and ashamed to learn about these acts. The federal government considerably tightened export controls a few years ago. Since then, the laws have been tightened considerably again by a new cabinet decision. A new bill will be presented to Parliament that will further enhance the capacity to control, and even goes into the area of surveillance of postal and telephone communications. In view of the experience of the Nazi period and the 40 years of communist rule in eastern Germany, this is an especially delicate subject, but we are willing to do this to prove our determination to tighten the legislative controls over illegal exports to Iraq.

You have received criticism from the British and U.S. press about your reaction to the Gulf War. Is any of this justified and what is Germany's reaction?

I think it's largely a misunderstanding. For instance, Germany was united only in October. We had the first election last December, and the first government meeting took place on January 23. From the onset, we have supported the U.N. resolutions and the Government of the united Germany has confirmed its full solidarity with the members of the coalition, in particular with the United States and Israel. We have demonstrated our solidarity by our considerable financial contributions and by making our airports and other facilities in Germany available for logistical transportation to the Gulf area. The vast majority of the German people supports this, and our contribution is recognized and appreciated by the U.S. Government and other coalition partners.

Has the Gulf War strengthened German and E.C. proposals for political union?

Germany and France proposed the conference on political union, and Federal Chancellor Kohl has underlined the need for this conference. We will keep working toward this goal very intensely. The question of European participation has led to a discussion of whether we have shown enough cohesion in our reaction to the Gulf or not.

Germany will conclude from these events that it has to intensify its efforts to coordinate European foreign policy more closely and to make progress in coordinating European defense and security policies. We will have to intensify cooperation inside the Western European Union (WEU) and to see how this can be incorporated into the E.C.'s political cooperation. In our view, all of this should be based on trans-Atlantic cooperation.

Thus the conclusion is not to lessen, but rather to speed up, the process of political integration. One of the steps is to make more decisions by qualified majority vote in the Council of Ministers. Another step is to give more rights to the European Parliament.

Do you see the E.C. taking on a security role, and the WEU becoming part of the E.C.?

The Gulf War has made very clear that Europe has to make rapid progress in achieving better security cooperation, and the WEU is the most promising way to achieve progress.

Has Germany changed its views toward the

Soviet Union because of recent events in the Baltics?

Relations with the Soviet Union are of

"Relations with the Soviet Union are of fundamental importance to us. We concluded a number of treaties last year on the withdrawal of troops and on cooperation with the Soviet Union. We will stick to these treaties."

fundamental importance to us. We concluded a number of treaties last year on the withdrawal of troops and on cooperation with the Soviet Union. We will stick to these treaties.

As for the Baltics, we have spoken out clearly against violence and the use of force, and we have strongly advocated a peaceful solution and political dialogue between Moscow and the Baltic countries. But we are determined to fulfill our commitments with the Soviet Union, and we trust that the Soviet Union will stick to its commitments.

Will Germany recognize Lithuania as an independent state?

We have said that we support self-determination for the Baltic states, but at the same time we are for a peaceful solution and for dialogue between Moscow and the Baltic states.

Do you see the massive immigration coming into Germany from Eastern Europe and possibly the Soviet Union as a threat. Could it overwhelm Germany?

If there is too much economic disparity between Western Europe on the one hand, and Eastern Europe and the Soviet Union on the other, this may indeed be a stimulus for people to move to the richer economic areas. Thus, it is most important to cooperate with the Eastern European countries and the Soviet Union to try and help them overcome their economic problems, to give people in these

countries the possibility for a better economic situation so that they will not have an incentive to leave but rather to stay home and have the possibility of a better future there.

When do you hope to see foreign troops—Soviet and American troops—leave German soil?

There is a big difference between the two. As far as American troops are concerned, they are part of the Alliance, and we want the continued presence of American troops. The number of troops is part of ongoing negotiations on the reduction of conventional troops in Europe. As regards Soviet troops, we have concluded an agreement with the Soviet Union under which the Soviet Union has committed itself to withdraw all troops from Germany by the end of 1994.

What is Germany's commitment to NATO?

NATO has been the basis of the trans-Atlantic partnership and the united Germany will remain a loyal partner of the Alliance.

Do you think the CSCE will replace or complement NATO?

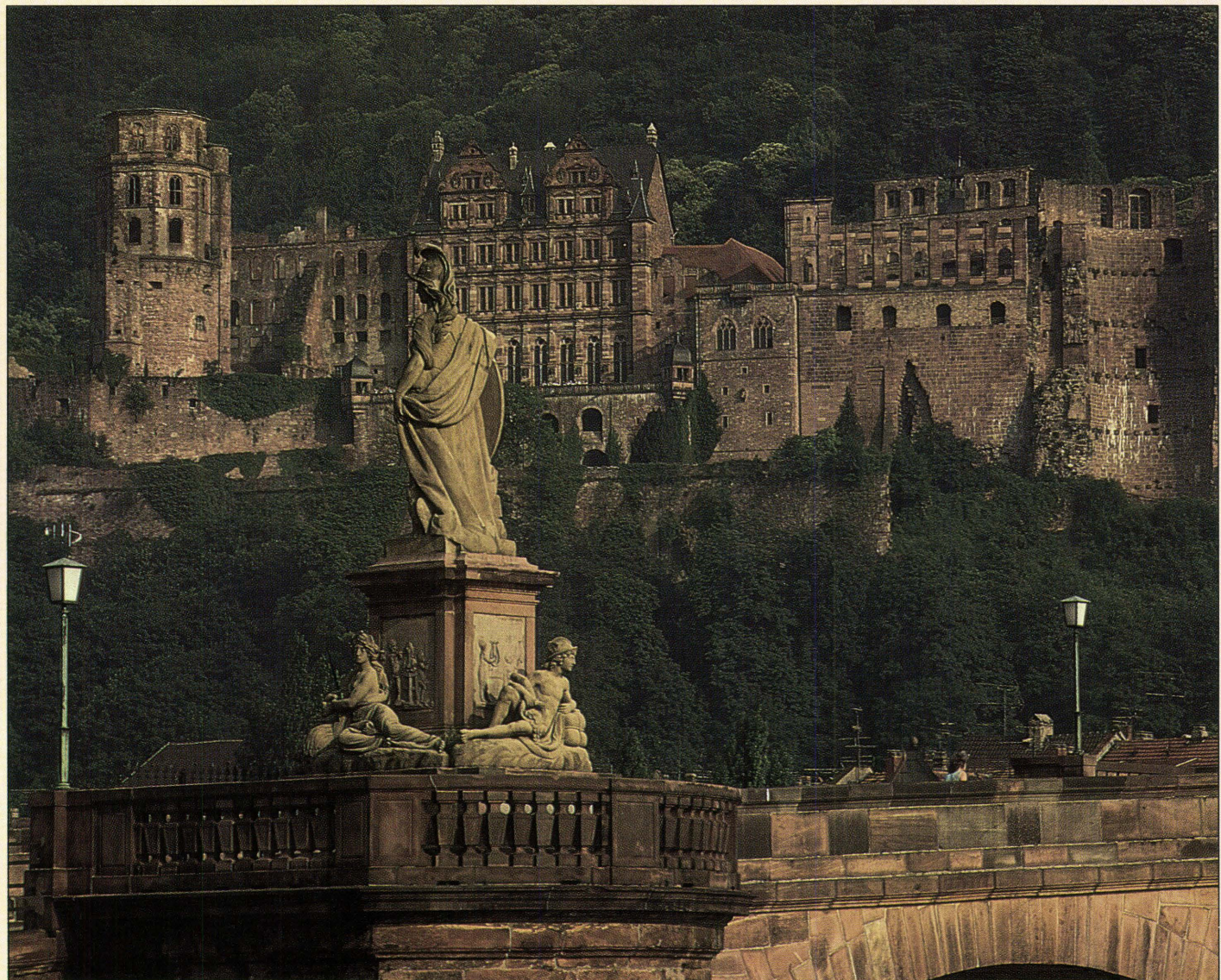
I think it will be a complement. NATO will be an important basis for the trans-Atlantic partnership, and in addition, the CSCE will span the Eastern and Western European countries. At the CSCE summit in November, important decisions were taken toward creating CSCE institutions and laying the basis for a broad range of cooperation and for dispute settlement mechanisms. It is important that the United States was a founding member of the CSCE; we want it to take a full part in the whole CSCE process.

So you would like to see the United States fully committed to and to remain in Europe?

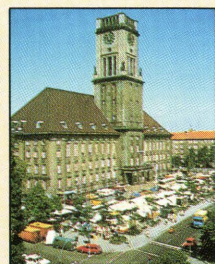
Yes. One of the post-1945 achievements is the close contact between Europe and the United States, and the active role of the United States in European events. This should be continued and even enhanced.

What is now the German capital—Berlin or Bonn?

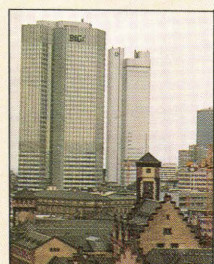
Right now, Berlin is the capital, but Bonn is the seat of government. The ultimate decision will have to be taken by the new Bundestag. I think that will happen this year. €



LARGE PHOTO: © LEE SNIDER/PHOTO IMAGES; SMALL PHOTOS: GERMAN INFORMATION CENTER



THE UNEXPECTED UNIFICATION OF Germany was an unforgettable experience for East and West Germans alike. The fall of the Wall on November 9, 1989, and the New Year's Eve celebrations in Berlin two months later were very moving.



Learning to Shoulder New Responsibilities

GERMANY

“Since then, however, the bridegroom has realized that he married a good-looking, but very poor and sick, girl,” says Meinhard Miegel, director of Bonn’s Institute of Economy and Society. The newlyweds are still close, but face enormous problems.

According to public opinion polls, nothing fundamental has changed since November 9: Two-thirds of the population in East and West continue to favor unification. But the western part of Germany has to give substantial financial and personnel support to the eastern part of the country to bridge the immense gap that divides the run-down economy in the East and the well-performing economic giant in the West. Former East Germans now experience economic weakness and helplessness, and feel that they are looked down upon as second-class citizens.

Many of the complaints, ranging from being ridden over roughshod by the West to the sudden acknowledgement that not everything was bad in the GDR of old, fail to do justice to the complex situation in a united Germany. The depressing feeling that, despite unity and political and economic reconstruction, things might “not work out” has led many East Germans to pack their bags and go West—more than 800,000 people have done so since November 9, 1989.

The East to West population flow is one of the biggest worries for the newly elected all-German Government, since it consists mainly of skilled, intelligent, and dynamic people who are badly needed in the five new *Länder* (states). “No policy—no matter how well conceived—and no investment program—not even the fullest financial backing supported by Western expertise—can help put the new *Länder* back on their feet if people there lose the courage to take affairs into their own hands and become self-assured citizens of the new Federal Republic,” writes Berlin’s daily *Tagesspiegel*.

Chancellor Helmut Kohl expects the worst of the economic problems to be over by the end of this year. Miegel disagrees, predicting that in 1991 the former West Germany will grow even further apart from the former East Germany than in 1989, because unity has given enormous impetus to the economy in the West. Says Miegel: “This dynamic growth is due to the very high state indebtedness, a kind of super Keynes, that we now have. The enormous expenditure that has to be provided by the Federal Government to put the new *Länder* on their feet works like a power-

ful economic upswing program benefiting only the West and not the East, alas.”

Miegel was sharply criticized when he



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predicted that the unified Germany—a nation of 77.4 million people—would be weaker, not stronger, for the next 10 years. He says it is unrealistic to expect improvement of the situation this fall, and the figures prove him right. According to the latest information, investments in the five new *Länder* in 1991 will be one-seventh less than in 1989. The old GDR invested more in 1989 than what will be invested in 1991, although that will be higher than investment in 1990. Alongside all this, West German economic development will continue to be extremely dynamic and investment will expand. Thus the discrepancy between East and West will widen even further this year.

The five leading West German economic research institutes now say they underrated the pace and extent of economic decline in East Germany, and conclude that “the necessary transformation will take some time.” In an economy inferior in every respect to its competition in the West, the self-healing properties of a market economy cannot work wonders overnight. “Nearly all companies will need to lay off staff in droves. Forecasts of three million unemployed—nearly one in three—by the end of 1991,

After the euphoria of unification, the mood in Germany is now more sober as the country sets out on the formidable and difficult task of repairing the economic, infrastructural, and environmental damage caused to its new eastern half by 40 years of communism. Opposite page, clockwise: The Schöneberg Rathaus, or town hall, in Berlin; Heidelberg; Frankfurt. Above: The Frankfurt stock exchange.

are not unrealistic," writes the *Kölner Anzeiger* daily newspaper, going on to warn that "clear signs of an upswing cannot be expected until 1992 at the earliest."

One of the reasons for the lack of

come, and block potential investments for fear of claims by former owners.

The entire regional administration is also in chaos. Kurt Biedenkopf, Saxony's Prime Minister, speaks of an "administration emergency." Jurisdiction is almost nonexistent, since there are hardly any politically untainted judges or public prosecutors. Very slowly, the entire judicial system in the new *Länder* will have to be rebuilt with the help of Western officials. And they will need a frontier spirit: West Germans who now work in the former GDR say that diplomacy and patience are essential to introduce change.

Despite layoffs and uncertainty about the future, the East German population demonstrated in four elections in 1990 that it blamed the communist economic system, not Kohl, for its plight. According to pollster and analyst Klaus Liepelt, "people did not only vote for the German mark, they also honored Kohl's quick response to their desire for unification." "It is a phenomenon," he says, "that Chancellor Kohl succeeded in establishing his Christian Democratic Party firmly in East Germany, which once used to be a stronghold of the Social Democratic Party. People no longer have any confidence in the idea of socialism."

Kohl experienced victory and success in 1990, but 1991 has already presented fresh challenges. The unity bills—which will also include \$12 billion in loans and aid for the Soviet Union—are looming large and are still unpredictable. In addition, much of Eastern Europe is also looking to Germany for investment and economic aid.

Moreover, the large waves of refugees—ethnic Germans from the Soviet Union and other Eastern European states, Jews from the Soviet Union, Sinti and Roma from Yugoslavia and Romania, and the unexpected exodus of Soviet citizens—have begun to cause serious problems. The continued migration of East Germans to West Germany, combined with a painful economic sobriety after the euphoria over the fall of the Wall, is already leading to tensions in the new Germany.

Bonn is finding itself under growing pressure to help meet the cost of the Gulf War. So far, Germany has contributed \$10.5 billion, and Finance Minister Theo Waigel recently announced tax increases starting in July—despite Kohl's pre-election pledge to keep the lid on taxes.

Despite the Gulf War and the disintegrating system in the East, Kohl's fourth cabinet ushers in a new era. The transi-



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Increasing financial commitments—the ever rising cost of unification, the waves of Eastern European refugees, and the war in the Gulf—have forced the German Government to go back on its pre-election promise and raise taxes. Above: Volkswagen cars ready for export.

investment in the five new *Länder* is that regulations over property ownership remain unclear. Even the state governments and local administrations cannot invest because they do not know what belongs to whom. The Unification Treaty stipulates that property confiscated by the Communist regime after 1949 should be handed back to the original owners unless there are economic reasons for different use. So far, more than one million applications to regain property have been filed. Because of the chaotic conditions in the regional administrations, a central office in Berlin, staffed by Western experts, has been set up to coordinate the clarification of ownership problems.

The controversial land reform in the eastern part of Germany between 1945–49 is an equally tricky problem. Those who lost their property under this reform are excluded from any entitlement to claims, or to compensation, in the Unification Treaty. In January, the Federal Constitutional Court began the hearing of complaints filed by three individuals who maintain that the regulation is an infringement of the Constitution. A ruling is expected in April. Such issues could threaten to poison relations between East and West Germans for many years to

A European Germany

RACHEL HUGHES

On November 9, 1989, shortly before midnight, a new chapter began to unfold in the history of the European continent. At the time, few could have anticipated the dizzying chain of events that, 11 months later, would dissolve the German Democratic Republic and create a unified German state.

With this historical development, the E.C. and the Bonn Government are faced with a formidable task: integrating a territory stunted by 40 years of stagnation under communist rule into a community on the verge of its greatest economic achievement—completion of the single market. However, the most crucial issue raised by unification concerns the new state's future role in the European Community. With a population of 78 million and with 230,000 square miles of territory at the heart of the Continent, this new Germany now appears poised to assume a major role in the E.C. as the ultimate goal of the 1992 single market draws near.

One of the E.C.'s immediate anxieties is that development of former GDR territories will draw Germany's attention and resources away from the E.C., thereby stalling progress toward economic integration. While most agree that the economic situation in the East will worsen before it starts to improve, the general outlook beyond that point is optimistic: The economy of the former East Germany is expected to bottom out by mid-1991, which should be followed by a significant increase in productivity.

There is also concern that the former East Germans lack the necessary "European consciousness" to become full and enthusiastic E.C. partners. Brussels must incorporate a generation of East Germans, brought up to respect their communist Eastern partners, into a system based on democracy, free markets, and Western European cooperation. Although this fear is well grounded, the former GDR citizens are not simply joining the E.C.; they are being guided into it by one of its founders and its principal economic power, a nation with a 40-year-old tradition of cooperation within the E.C. framework. The national identity that triumphed in unifica-

tion is an identity of which the "European consciousness" has become an integral part.

But the dominant issue worrying Brussels goes far beyond consideration of costs and attitudes: What will Germany do with its increased size and economic power once the burdens of unification are a thing of the past? The unified state will retain its current two Commissioners in the E.C. Commission and its 10 votes in the Council of Ministers. However, the additional 16 million German citizens will inevitably make a considerable difference in Germany's political weight once demands to resolve the E.C.'s "democratic deficit" are accommodated.

Whatever the new Germany lacks in political pull, it will more than make up in economic power. Once the costs of unification have been balanced and industry in the East achieves its full potential, Germany will be in a prime position to be a key player in the single market.

The unification of Germany has provided a dynamic impetus to the unification of Europe. The coming economic buildup will bring about healthy competition for European firms, stimulating growth throughout the E.C., and intensifying pressure for economic and monetary union. Germany's prestigious status in international trade, enhanced by increased production of high-quality products in high demand on world markets, will generate millions in common customs tariffs to Brussels' purse. Also, whatever plan for a common European currency is finally adopted, it will have the benefits of the German mark's singular power as well as the financial expertise of the Bundesbank behind it.

Germany's unification is an opportunity for the Community to push further, faster, and with even greater self-assurance toward the goals envisioned in its inception. In that spirit, the new Germany is a European Germany, with no incentive to deliberately upset the framework from which it has reaped such abundant benefits.

Rachel Hughes is a freelance writer based in New York.

tion period of unification is over. In the realm of dual statehood, Germans were quite happy to let others take on the international duties. Now, in his first policy statement in the all-German Parliament, Kohl pledged: "There is no com-

In the 1990 elections, Kohl established his Christian Democrats firmly in East Germany, once a Social Democratic stronghold.

fortable niche in international politics for us Germans, and we must not shirk our responsibility."

Preoccupied with mounting problems of unification and the enormous costs of rebuilding eastern Germany's ramshackle economy, Germany at first failed the test of a major international challenge. When the Gulf War broke out on January 17, the German leadership failed to demonstrate solidarity with the Allied cause for almost one week. During this silence, war opponents took to the streets by the thousands and denounced the United States and Iraq alike as aggressors—disregarding the fact that the United States was upholding international law.

Kohl finally did criticize the protesters for being "one-eyed" and for not having demonstrated when Iraq invaded Kuwait last August: For many, that criticism came too late, however, and the damage was done. A German delegation led by Foreign Minister Hans-Dietrich Genscher to Israel to demonstrate German solidarity was also the last to arrive. During the visit, Genscher was criticized for the threat to Israel from Iraqi chemical and biological weapons produced with the help of German firms. And particularly disappointed were those German allies and friends who had supported the country's drive for unity.

At this difficult time, one of Kohl's major tasks is to convince Allies and Germans alike that, in the future, Germany will live up to its new responsibilities in the world. €

Wanda Menke-Glückert is a freelance writer based in Bonn.

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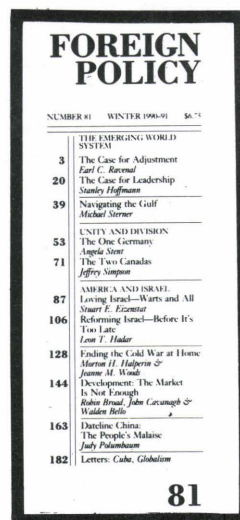
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PROFILE

The man who has led

Siemens, the large telecommunications conglomerate, for the past decade is KARL-HEINZ KASKE, President and Chief Executive Officer of Siemens AG, and Chairman of Siemens Corporation. When he took office in 1981, Kaske brought with him a cost-cutting strategy, which reduced the workforce to 25,000, halved the number of regional offices, and split the company into 15 smaller divisions to make Siemens more competitive on the world market.

Kaske, born in Germany's industrial city of Essen in 1928, began his career as an engineering physicist with Siemens and Halske in 1950, after studying physics and engineering in Danzig and Aachen. Aside from teaching at the mining school in Aachen for seven years, Kaske has spent his professional career rising through the ranks at Siemens: He headed the Power Station Automation Sales group in 1963; became an adviser to Fuji Electric in 1967; joined Siemens' planning group to restructure the company in 1968; assumed the vice presidency in 1975, and achieved his current position in 1981.

Kaske is credited with saving Siemens from a takeover by an American or

One of Germany's most visible, ebullient, tireless, and busy politicians is HANS-DIETRICH GENSCHER, 64, Germany's Foreign Minister. Genscher holds the distinction of being the longest-serving Foreign Minister in the world, an office he has held since 1974, after heading the Interior Ministry for five years.

Genscher has decisively shaped German foreign policy, culminating in his masterful engineering of German unification in 1990. Many of his views on German foreign policy stem directly from his personal memories as a boy living through World War II and Germany's division. He once neatly summed them up to the "Financial Times:" "The most important point about post-war German politics is that we have learned from history to look at our fate as part of Europe as a whole. All the problems that affect Europe come together on German soil."

Given that conviction, it is not surprising that Genscher argues forcefully in favor of European integration, pointing out that Germany's future is bound to that of Europe, and that European economic and political union are vital. He has also put his stamp on "Ostpolitik," a policy first put forward by former Chancellor Willy Brandt, by which Germany re-established cordial relations with Eastern Europe and the Soviet Union—eventually bringing about German unification. Genscher embraced Ostpolitik in the 1970s, leading him, in the 1980s, to encourage Western leaders to "take Gorbachev at his word."

That encouragement can be partly explained by Genscher's strong East German roots. Born in Halle, which became a part of East Germany after World War II, he studied there and in Leipzig. When he

went to West Germany in 1952, he left behind many relatives and friends, whom, even as Minister, he would visit regularly—despite the unfriendly border.

Genscher is a master juggler of political interests. His image among the German public suffered severely in 1982, when he took his Free Democrats out of a coalition with the Social Democrats, then led by former Chancellor Helmut Schmidt, and turned instead to the Christian Democrats—with whom he has governed since. In the past few years, however, his star has been on the rise: Since 1988, he has been Germany's most popular politician, and in the first all-German election last December, his Free Democratic Party (of which he used to be chairman) garnered 11 percent of the vote—the third-highest share the party has ever obtained.

Internationally, too, Genscher is highly esteemed. Last year, he was nominated for the Nobel Peace Prize—only to lose out to Gorbachev. But he has received other prestigious recognitions for his work, including six honorary doctorates (two from U.S. universities) and the 1990 Spanish Prince of Asturias Prize.

What is next for the seemingly indefatigable Foreign Minister? Unification has been achieved, possibly to Genscher's own surprise: Only a few years ago, he was convinced it would not happen during his lifetime. In fact, may a new era now be dawning for German international politics, in which there is no place for "Genscherism"—the art of conducting foreign policy by persuasion and coaxing but never by force? The German weekly "Die Zeit" noted recently: "The agenda and the issues have

moved on. For Genscher, like many of his countrymen, the idea that you can't solve conflicts by some form of compromise is so abhorrent that you stop thinking."

Might Genscher be tempted to become Federal President when Richard von Weizsäcker leaves the post in 1994? Largely ceremonial, it might be just right for Genscher: He could look after his health (he has suffered two heart attacks already) and still work for peaceful European integration—

not through direct political action, but through the punchy speeches and public appearances he so loves.



ILLUSTRATION BY BILL ALLEN

HANS-DIETRICH GENSCHER

PROFILE

Japanese computer firm. His strategy focuses on rapid growth, proximity to suppliers, accessibility to clients, and a keen responsiveness to market forces and consumer demands. Kaske's investments in the future will no doubt pay off as Siemens prepares to invest \$654 million in the former East Germany this year, creating 30,000 new jobs.

DETLEV KARSTEN ROHWEDDER, 58,

currently holds one of the most challenging jobs in Germany: He is the chief executive officer of the *Treuhandanstalt*, the trustee agency set up by the government to privatize the former East Germany's roughly 8,000 companies.

Rohwedder is one of the success stories of German business. Born in 1932, he studied law, then started his career in accounting. He joined the Social Democratic Government in 1969 as state secretary in the Economics Ministry. Under four Economics Ministers, he worked there until 1978, becoming increasingly specialized in economic negotiations between the two Germanys.

In 1978, Rohwedder joined Germany's then ailing metal and engineering giant Hoesch corporation. He became its CEO in 1979, and managed to pull the company into the black within a few years.

His tenacity and success at Hoesch and his previous experience

in government must have spoken in his favor when the West German Government picked him to act as interim CEO for the *Treuhand* last summer, a position one German newspaper called the "most difficult job currently available." This would seem to fit Rohwedder's image, who, quoted the German weekly, *Der Spiegel*, "likes to pick jobs a few shoe sizes too big for him—so he can grow into them."

His interim position has now become more

permanent, and Rohwedder will remain in the post until at least the end of 1994. He has been criticized for proceeding too slowly in privatizing the ailing East German firms, but argues that it is important to keep down the number of unemployed. His critics maintain, however, that the German Government continues to pump large amounts of marks into dying East German firms that may eventually not be privatized. He in turn

points out that this would leave even more people unemployed than is already the case—and would also cost the government more money.

Nineteen-ninety-one could become a barometer of Rohwedder's success. Will he be able to triumph over his critics

by maintaining his policy of sparing most companies bankruptcy and most workers and, indeed, the former East Germany, mass unemployment? If so, he may be right in his own prediction that the *Treuhand's* job won't be completed before the year 2000.

As President of the Federal Republic of Germany, **RICHARD VON WEIZSÄCKER, 70,** holds one of the highest offices in the country, but is much less well known abroad than some of his political colleagues.

That is partly because the office of President is largely ceremonial, stands above party politics, and has little direct influence on daily decision-making by the government. Nevertheless, Weizsäcker has understood how to make his job more influential than it might at first appear.

Weizsäcker's background is a patchwork of German 20th-century history. Born in Stuttgart in 1920, he studied law and history until the war broke out, in which he fought, in the Wehrmacht, in Poland and the Soviet Union.

For Weizsäcker, a lawyer, 1945 was not the end of the war, however. In 1946, he defended his father—a senior diplomat under the Nazi regime who had been instrumental in formulating the 1939 Non-Aggression Pact between Stalin and Hitler—at the Nuremberg Trials.

Weizsäcker worked in business, and joined the Christian Democratic Union (CDU) in 1954. He was a member of the CDU's National Executive, and chairman

of several of the party's commissions. He was elected Governing Mayor of Berlin in 1981, a post he held until becoming Federal President in 1984. Weizsäcker staunchly supports Berlin as the new German capital—which, some say, unleashed the capital debate in the first place.

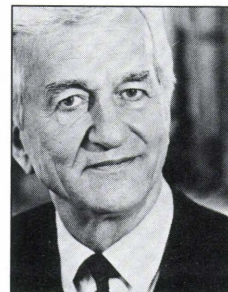
As President, Weizsäcker actively advocates peace, détente, European integration, and bridging the East-West divide. He takes a sensitive approach when dealing with Germany's past, its relations with other countries, and its future within Europe, and warns his countrymen that they must remember their country's past so that such atrocities as the Holocaust may never happen again. An excerpt from a 1989 speech encapsulates all of the above: "The example given by the E.C. shows that, despite historical burdens, peace between peoples is possible when based on trust, cooperation, and friendly competition. We want more, not less, competition, but not in armament and destructive weapons. . . . It is exactly the latter we have renounced in order to become a community."

Richard von Weizsäcker has thus made it his calling to serve as his country's gentle conscience, both at home and abroad. Indeed, he has done much to restore Germany's image outside the country. As the united Germany establishes itself internationally, that personal stance of moderation may become even more important to Germany's allies and partners.

Dresdner Bank chairman WOLFGANG RÖLLER, 61, has been with the bank since 1955, joining the securities underwriting and trading department immediately following his graduation from college. He worked his way up Dresdner's corporate ladder, becoming instrumental in establishing an international reputation for the institution's worldwide securities network: In 1965, the bank opened its first U.S. office in New York, and became the first German bank to have a seat on the New York Stock Exchange.

In addition to his job at Dresdner, Röller is also president of the Association of German Banks, a position that allows him to present his views on global banking and financial issues. In that capacity, for example, he issued his declaration of confidence in the international stock markets following the 1987 Crash. Röller also serves as chairman on the supervisory boards of several other German and international companies, including Daimler-Benz, Deutsche Lufthansa, Krupp, Henkel, and Hoechst.

In addition to its West German and international operations, Dresdner was the first West German bank to open offices in the former East Germany—in its "home" city of Dresden, on January 2, 1990. Now, in addition to offering its banking services in an ever growing number of offices, Dresdner Bank is actively working within the community of Dresden. It has offered banking seminars, donated buses for the city's public transportation network, founded a management institute, and set up training programs for young East Germans entering the banking profession. By end-1991, the bank hopes to operate 150 branches in the five new *Länder*.



GERMAN INFORMATION CENTER

Germany's Immigration Dilemma

ONCE SEEKING A PURE ARYAN POPULATION, Germany is now home to a large number of immigrants, coming from Turkey, Vietnam, Cuba, Mozambique, Angola, Albania, Romania, Poland, and Bulgaria—as well as large groups of Gypsies and Soviet Jews. The latest influx comes from Eastern Europe and the Soviet Union, and has overwhelmed the German Government and triggered sharp social tensions and racism—particularly in eastern Germany, where unemployment is severe.

Refugees Trigger Social Tensions

The latest economic forecasts predict that four million former East Germans are expected to be unemployed by this summer. Competition for jobs is therefore fierce, and foreigners are viewed as unwanted threats. As early as June 1990, when nearly 50,000 immigrants arrived from Eastern Europe and the Soviet Union, foreign workers were attacked, abused, and insulted in both parts of Berlin.

Things were not always so. Before unification, foreigners constituted 5.2 percent of the West German population. They were mainly Turks, but there were also Italians, Yugoslavs, Greeks, and Iberians. They had been invited into West Germany during the years of swift economic growth in the 1960s, when labor was in short supply. When unemployment figures rose in the late 1970s and 1980s, they aroused German resentment, but the situation was relatively stable. East Germany also had its share of guest workers: Nearly 100,000 immigrants had been sent there from other communist countries—Angola, Cuba, Vietnam, and Mozambique—to learn a trade or fill jobs.

But the toppling of the communist governments in Eastern Europe during the heady autumn of 1989 dramatically af-



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fects that relative stability. By the following spring, the two Berlins were inundated by a flood of Eastern Europeans, ethnic Germans, and Soviet Jews seeking asylum. The East German Government initially allowed Eastern Europeans to enter the country for 30 days without a visa, but as people began pouring over the borders, the law was quickly tough-

Since the political upheavals rocked Europe in 1989, Germany has become a haven for asylum seekers, primarily from Eastern Europe, fleeing persecution in their own countries. Above: Albanian refugees outside a refugee camp in Germany.

ened to require Eastern Europeans to receive an invitation from an East German citizen.

By August 1990, 90,000 immigrants had made their way to East Berlin. Gypsies, escaping neo-fascist persecution in Czechoslovakia, Hungary, and Romania, and nomadic families from Romania and Bulgaria, presented a particular problem, as they begged in the streets and camped out at the Lichtenberg train station.

Desperate, the East German Government tried to send home some of its guest workers—who naturally balked at returning to a communist-controlled country. East German Foreign Minister Markus Meckel said it would be wrong to close off the frontier of a new democracy, and soon the East German Parliament was busy drafting an asylum law.

Meanwhile, West Germany found itself deluged with East German economic refugees and immigrants of ethnic origin—"Saxons" from the age-old German ethnic enclaves in Eastern Europe and the Soviet Union. In addition, more than 5,000 Vietnamese and more than 3,000 gypsies had applied for asylum in West Germany. Like East Germany, West Germany also tried to send its foreign workers back home, offering them 10,500 German marks (about \$7,500) to leave, but there were few takers.

After unification, the disparate pockets of foreigners were suddenly thrown together. By early 1991, the refugee situation was becoming a tough political issue—a dilemma that, ironically, is rooted in the German Constitution, which gives automatic right of abode to hundreds of thousands of ethnic Germans scattered throughout Eastern Europe and the Soviet Union. Further, since German asylum laws are comparatively liberal, the country already far outstrips the rest of Europe in the number of refugees it takes in each year.

In a strong economy, that situation would not be troublesome: Ideally, as in West Germany during postwar reconstruction, there would be jobs for all. But today's united Germany is heading into tough times as the economy of the former East Germany collapses. Economics Minister Jürgen Möllemann recently admitted that the Government "miscalculated" the costs of unification and set out a plan costing some 10 billion German marks (about \$7.5 billion) to boost investment. Already, the new eastern German *Länder*, or states, have used 40 percent of their budget for 1991, forcing Chancellor Helmut Kohl to abandon his campaign

promise of no tax hikes to fund unification.

The story of the Soviet Jews is a good example of the confusion that occurred for immigrants when the two Germanys united. As the Soviet economy crumbled,

Thanks to fairly liberal asylum laws, Germany outstrips the rest of Europe in the number of refugees it takes in each year.

the Jews in the Soviet Union faced sharply increased anti-Semitism as people began to blame them for the country's growing economic disaster. So, by December 1990, the number of Soviet Jewish immigrants in Germany had doubled. About 2,500 went to Berlin—about 1,500 in the space of two weeks alone—only to find the city completely unprepared for the unexpected influx: Hostels set up for them were overfilled, and the Jewish Immigration Advice Center had only three people to deal with the new arrivals.

Since Germany has no legal framework for accepting Soviet Jews, the refugees soon ran into problems: Germany's otherwise liberal asylum laws do not apply to Soviet Jews persecuted by anti-Semitic groups in the Soviet Union. Consequently, some families were given the right to stay, while others were told they had to leave Germany immediately.

The confusion goes back to June 1990, when the former East German Government passed a law guaranteeing Jews the right of abode in what was East Germany. But after unification, the new eastern German states refused to accept Soviet Jewish immigrants—only Berlin agreed to continue implementing the law. Although the immigrants feared that Germany would close its borders to them in 1991, they finally received special legal status. By the end of December 1990, the prime ministers of the German *Länder* had decided against a quota on the number of Soviet Jews able to settle in Germany, and, a few weeks later, agreed to grant them the same legal status that had been given to the Vietnamese "boat people" now living in East Germany: They were granted the right to live and work in Germany, and to receive financial support from the Government.

While it may be too early to rejoice,

many are taking the long-term view. "I hope it will be possible for Jews from the Soviet Union to come and settle in Germany, and to have an integration of people in Jewish communities in Germany," says Micha Gutmann, Secretary General of the Central Council for Jews, the umbrella group of all Jewish congregations in Germany.

The idea of Germans and Jews living together peacefully is much desired on both sides. The main difficulty at present is that the Soviet Jews are being resettled in the former East Germany, which did not receive the post-war education in democratic values that benefited West Germany. Instead, East Germany called itself an anti-fascist state and refused to acknowledge responsibility for all Nazi war crimes until just last year. Consequently, public awareness about the issue is much lower than in western Germany.

The real difficulty for Soviet Jews is one that confronts all immigrants to Germany—learning to live in a foreign culture during times of unemployment and economic problems. In the battle for jobs and housing, different groups will be fighting each other: the East Germans against the Eastern Europeans against the Soviet Jews against the ethnic Germans. Further, the experience of the Turkish guest workers shows the difficulties that foreigners can experience in Germany—there have been incidents of suicide, and some Turkish children have found it nearly impossible to assimilate two fundamentally different cultures. But the Soviet Jews, at least, have a large organization to help protect their interests.

"It's not easy for them," says Gutmann. "We try to help them. In Berlin, which has the biggest Jewish community of 8,000 people, it is easy to help them. In the smaller communities, it's a problem."

Gutmann recently traveled to the new eastern German state of Saxony to meet with its Prime Minister, Kurt Biedenkopf. "He promised to give us help and support for the immigration of Jews to Saxony," says Gutmann. "There are about 400 Jews in this region. We are very interested in Jews from Russia going into the smaller communities. Maybe they will give new activity to Jewish life." ❧

Colleen O'Connor is a freelance writer based in Cologne, who also writes for the *Dallas Morning News*.

Willkommen in Deutschland!



GERMAN INFORMATION CENTER



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Berlin and Munich are famed for their daytime sights and nighttime fun. Above: Munich; top: the Reichstag in Berlin.

ON A SMALL PIECE OF THE BERLIN WALL, untouched by the hammers during the incredible events of November 9, 1989, a most appropriate, if not prophetic, message proclaimed: "One day, all this will be art."

That day has apparently arrived, and Europe's newest capital is looking to the future. Until November 1989, Berlin was symbolic of the division of Europe. Now, the city has become a symbol of German unity and of democracy in Europe.

Once emasculated by Hitler, bombed by the Allies, and, during the cold war, isolated by the Soviets, Berlin now stands on the threshold of a magical second chance. As a result of this, the city is

reinventing itself: The grim border crossings have been dismantled and Checkpoint Charlie has been turned into a museum piece. The hotels, restaurants, and squares are full of Germans taking what seems like a massive crash course in rediscovering themselves and, in the process, Berlin has finally become a destination of choice and a living museum of the 20th century.

Not long ago, visitors to East Berlin

*The art of "joie de vivre" in
Berlin and Munich*

were not allowed to go beyond the limits of the city's 11 boroughs. That is no longer the case, and the unified city now encourages travel. A walk or drive into what was once East Berlin still offers a fascinating—and indelible—comparison between the workings of capitalism and socialism.

In Berlin, the tourist choices are plentiful. There are the must-sees: the Reichstag, the Italian high-Renaissance-style Parliament building; the Brandenburg Gate; and the National Gallery. But there are also boat tours on some of the city's many lakes and rivers. Indeed, most visitors would be surprised to learn that the waterways make up more than one-quarter of Berlin's total area.

Hotels in Berlin tend to be quite expensive, but for sheer comfort I would suggest headquartering on the western side of the now non-existent Wall. If money is no object, stay at the **Bristol Hotel Kempinski**. This 325-room hotel is the essence of German efficiency and old-fashioned style. If you want to stay on the eastern side, however, check into the **Grand Hotel Berlin**. Although built as recently as 1987, it offers wonderful old-world service.

Moderately priced restaurants are hard to find on the eastern side, although the cafés near Alexanderplatz are worth their value. The best gastronomic bets are still in the western part of the city. For atmosphere and energy, try the **Café Einstein**, a rambling café located in a former townhouse, and a popular spot for breakfast, lunch, or a late-afternoon apple strudel. There is also the **Café Voltaire**, a 24-hour-a-day experience that's popular for late-night and after-hours meals. Another must-visit (if you can stand the crowds and the noise) is a bistro called **Henne** (the German word for hen), known for its non-stop beer service and the best chicken in town.

"Serious" restaurants include **Rockendorf's Restaurant**, Berlin's only two-star Michelin restaurant. My two favorites are the **Bar Central**, a *nouvelle cuisine* Italian restaurant, and **Paris-Moskau**, located next to the former Paris-Moscow railway route.

Perhaps the best thing about Berlin is that—unlike all other German cities—it is a city in the midst of a major evolution. There's a sense of adventure in the air, and everyone in Berlin—local or visitor—feels part of it. "We want to be careful," says one Berliner. "We want to move, but not too fast. It's easy to be blinded by the light. But right now," he

says, "Berlin is one big party."

Those who live in Munich understand the word "party," and some Germans even argue that Munich's inhabitants may have defined the word.

Munich is at once both hearty and

With the Wall gone and borders dismantled, Berlin—East and West—is becoming a destination of choice.

Bavarian, and immaculate and prosperous. It's a city whose culture weaves together beer halls, opera, politics, and New Wave music. Munich has glitz and pulsates with style and is sometimes even called the Los Angeles of Germany. Indeed, Munich is known as *der trendsetter* of the country: Things seem to happen there first.

The Bavarian capital is the southern apex of industry, commerce, and fun. Each year, as many people visit the city as live in it. It is said that if you don't have a good time in Munich you can't have one anywhere else.

Described as aggressively laid-back, Munich has a large film industry, a progressive university, and more beer gardens per capita than anywhere else I've ever been. Munich is also unabashedly rich: It is the only German city with two three-star Michelin restaurants (**Tantris** and **Aubergine**). The cafés, bistros, and clubs are always full and lively. There's no feeling of aloofness: The locals seem to openly embrace the idea of visitors sharing in their entertainment.

Then, of course, there's the *Oktoberfest*, which actually begins on September 17 and ends on October 2. This is a beer lover's dream—last year, more than 1.8 million gallons of the liquid were consumed during the festival.

There's more to Munich than long rivers of beer and tons of *weisswurst*, however. The Bavarian National Museum contains an extraordinary collection of local crafts, jewelry, porcelain, and tapestries. One of my favorites is the Deutsches Museum (The German Museum of Science and Technology)—a gigantic building that houses the world's largest technological museum in the world. One can also enjoy great opera at the National Theater, and concerts are held throughout the city virtually every evening.

Accommodations in Munich are expensive, but worth the price. There are the

traditional legends, like the **Vier Jahreszeiten**, and the **Hotel Bayerischer Hof**. My favorite is also the newest: The **Hotel Rafael**, which opened last May, is true, over-the-top luxury. The small, exclusive refuge, surrounded by neo-Renaissance architecture, offers true German efficiency, great style, and little pretense.

If you don't mind long waits (just for reservations), try to dine at the Aubergine restaurant. If not, you will be well-satisfied at **Kafer Schänke** (there's an incredible buffet just for hors d'oeuvres) or at a restaurant called **A. Boettner**, located right in the middle of Munich's main shopping area.

Since Munich has been discovered as a great tourist destination, some of the locals insist that a bit of the city's charm has faded. To be sure, some things *have* changed, but for the better. Seventeen years ago, I visited Munich with my father. One afternoon, we rented a car and drove into the countryside. My father wanted to go to the village of Dachau, site of the infamous German concentration camp. When we consulted the road map given to us by the car rental agency, we found that the village wasn't listed. But we knew it was near Munich.

We asked several people the way, but no one seemed to know. In a small village we asked again, only to be met with the same negative response. Just then, one of a group of Catholic nuns, who had heard our question, said to us in English: "Sir, you *are* in Dachau. It's just that no one here wants to remember the past. They all want to forget."

The nuns then showed us the camp. It was—as expected—a sobering experience, a museum of atrocities. In a strange way, however, the horrors of the Dachau visit allowed me to appreciate the beauty that is Germany today.

Now, Dachau is very much on the map, and many visitors to Munich insist on a side trip there. "Today," says a local Munich politician, "everyone wants to remember the past. That way, we know never to repeat it. For us," he says, "it serves as a constant reminder that what Munich should be is a city that embraces culture, music, and people. Dachau is a memory of Munich as a cold town. Today, we are, and want to remain, a *warm* town." €

Peter S. Greenberg, who appears frequently on *Good Morning America*, is a syndicated travel writer in California. His article "Gateway to Scandinavia" appeared in *Europe's* January/February 1991 issue.

Gerd Langguth

Gerd Langguth, Head of the E.C.'s Bonn office, spoke with Europe's Editor-in-Chief Robert J. Guttman about a unified Germany and its role in the European Community, Germany and NATO, and German-U.S. relations.

Some people fear that, now unified, Germany may look East and forget about the European Community. Could you comment on that?

This fear is true. I am convinced, however, that the German Government knows this and will try to demonstrate that the fear is unfounded. On the one hand, now that Germany is united, the European framework will more or less change the eastern part of Europe. On the other hand, the political language—for instance with the United States—will remain very important. I get the impression that the Eastern European countries know how important the role of the United States and NATO is. Other Europeans know how stabilizing NATO can be for Europe's political situation.

Chancellor Helmut Kohl says that Germans want to be good Europeans. Do you agree, or are Germans becoming more nationalistic now that they are unified?

I would say both are possible. It's not easy to say "I'm European" without saying "I'm French" or "I'm German" or "I'm from the Netherlands." It's the same if you ask Americans where they are from. They say "I'm from California" or "I'm from Los Angeles." People like to be part of an autonomous and smaller region. It's easier to identify with a small part than with a big part.

But I would say that both [being German and European] is possible because we are speaking about unity with diversity. It's interesting that, on the one hand,

the culture in Europe is so different. On the other hand, since it is so close together, there is tension between diversity and unity. This is part of the European behavior and part of the German identity. Therefore I would say that belonging to a nation and belonging to Europe are one and the same.

What will be the commitment of the 16 million new Germans to the E.C. and to NATO?

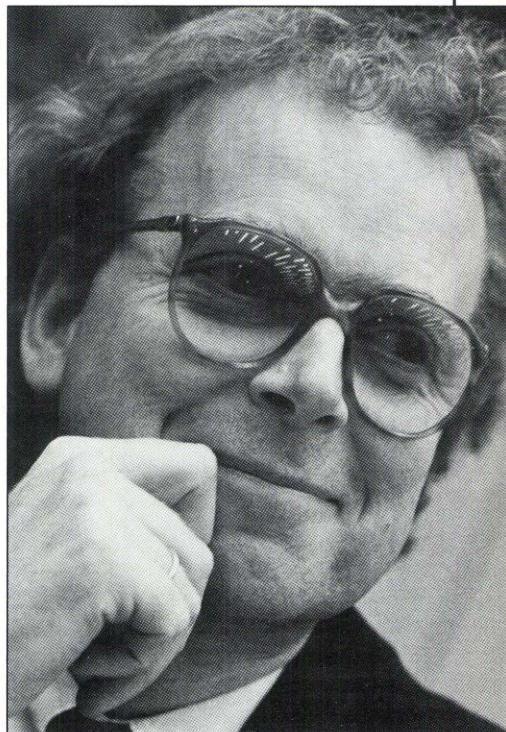
This is not very clear. Many of them were taught that NATO was wrong, an enemy. I would say, however, that the majority of former East Germans try to be good Germans.

But I am convinced that someone from East Germany is perhaps more in favor of Europe than someone from West Germany. This argument may amaze you, but the average West German has taken for granted so many achievements, such as free travel anywhere in the world. This is taken for granted in the West, but not by young Germans in the East. They know it is a big achievement to travel freely wherever they want. Especially young people, who have their own GDR identity, are much more in favor of Europe. Our polls show that former East Germans are very much in favor of Europe, without exactly knowing until now what the E.C. means.

Do Germans think of themselves as a new superpower?

Germans are very reluctant to say they are a superpower. Let me give you one example: Some senior Soviet officials suggest that Germany should obtain a seat in the United Nations' Standing Committee on Security Affairs. I know many Germans who argue against this because Germany doesn't want to play too important a role.

Sometimes this behavior is misunder-



The Head of the E.C.'s Bonn office speaks out on Germany's role in the E.C.

stood, especially in America. Some Americans, for instance, believe that, militarily, Germany should be more involved in the Gulf crisis. But, for several reasons, Germans have told themselves that they should not participate in military activities outside NATO territory. It is very important to know that Germans are reluctant. They know that non-Germans feel that Germany could become too powerful. This is the worst part of German behavior. They don't use political powers

they could perhaps use and, although I don't know what will happen in the future, I am convinced that the same behavior will continue to exist.

In about 10 or 20 years, Germany and the other E.C. member states will be so

"I am convinced that the European integration process is irreversible."

integrated that Germany won't be able to play a dominant role. It will play a special role—as every state plays an important role within the Community—but I believe that by then, because of the European integration process, Germany cannot be as dominant as many people think or fear.

So you think that, at the turn of the century, the "United States of Europe" will become effective and that Germany will be just one of the players?

Yes. It will be one of the important players, but within the E.C. framework. I am convinced that the European integration process is irreversible. And no one of importance in West Germany demands that Germany leave NATO or the E.C. as part of the German integration process. Everybody who is politically informed knows that German unity is only possible if Germany is a part of the European Community. Germany is not thinking only in terms of a nation state. It is in more of a transnational situation.

Is there such a thing as Europe? If so, will it be similar to the United States of America?

Yes. Eventually there will be a "United States of Europe," although nobody knows exactly what that will mean. For several reasons I would say that there must be improvements in every area: in the economic and political fields, and perhaps also in the security field. But in terms of Europe's identity, young Germans or young Europeans—especially if they are in the United States or in other places outside Europe—realize that they are not only members of a specific nation, but also Europeans.

Do you see a change in U.S.-German relations?

I don't believe so. I have the impression that Chancellor Kohl knows that it is necessary to have an American presence in Europe and in Germany. Of course, the East-West conflict doesn't play as dominant a role as in the past. A consequence of this is that the superpowers are weaker than in the past, especially now that the Soviet Union is much weaker. This has had some impact on the European-American relationship. President Bush is seeing that and has spoken about the partnership between Europe and America as though he is convinced that political decisions made by Americans must also be discussed with Europeans. But this is not only a question for Europeans. It is also a question for Americans. €

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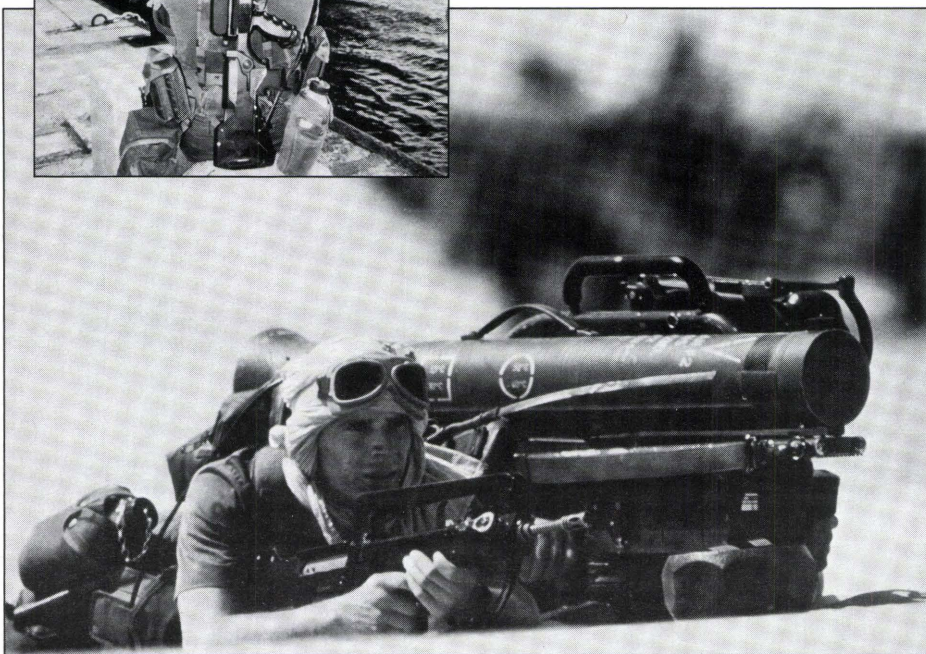
*Standing Side by Side with the
U.S.*

Europe and the War



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THE DOMINANT AMERICAN ROLE IN THE Gulf War tended to obscure the fact that forces from other nations fought alongside their American allies. In addition to pilots from Britain's Royal Air Force and the French and Italian Air Forces, there were soldiers from famous units like Britain's "Desert Rats" and the French Foreign Legion. And Denmark sent half of its Navy—one warship.



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Britain and France sent ground troops to the Gulf. Top: French troops leave for Saudi Arabia; above: French troops train with portable anti-tank weapons.

Some viewed Europe's contribution as a demonstration of Western solidarity—but others said it was not enough. Some contributions might not have seemed very significant in military terms for the multinational coalition, but even as the politicians argue, men and women from the armed forces of many European states were putting their lives on the line.

The largest military participation came from **Britain**. Two squadrons of jet fighters were dispatched to the Gulf within a week of the Iraqi invasion of Kuwait, the Royal Navy was one of the first to join the U.N. blockade, and ground troops quickly followed. These included the Seventh Armored Brigade, which earned the nickname "The Desert Rats" after its famous victories over the German forces in North Africa in World War II. By the time the war began, Britain had committed 35,000 soldiers, 48 warplanes, 16 naval vessels, 163 tanks, and a variety of artillery—a force four times larger than the one dispatched to the Falkland Islands in 1982. By March 1, Britain had 40,000 troops in the Gulf.

Despite its policy differences with the United States and Britain, **France** eventually became the only other European country to commit fighting forces on the ground in Saudi Arabia. After the French Government realized that peace negotia-

European Responses to the Gulf Crisis

The nations of Europe had varied reactions to the Gulf War and came under considerable international scrutiny. Why were attitudes in Britain, France, and Germany so different at the beginning of the war?

The British, who committed large land and air forces, felt they did not receive enough backing from their European partners. France's President François Mitterrand did not inform his European neighbors about a last-minute peace initiative before the war began in January, much to the consternation of other European leaders. On top of that, French Defense Minister Jean-Pierre Chevènement did not agree with the war aims. Once war broke out, he had to resign.

Germany, on the other hand, forbidden by its Constitution from sending any troops to the Gulf area, was divided on reactions to the conflict. While the Government saw the need to at least provide financial aid to its Allies who were upholding U.N. resolutions in the Gulf, the peace movement gained strength. In addition, Germany, in euphoria last year over unification, was wrapped in a mood of self-doubt and confusion over its role in the Gulf.

Helmut Schmidt, West Germany's former Chancellor and long a friend of European unity, showed great concern at this development. "Last year euphoric, today despondent—is that a typically German mood swing between the unification of our country and the Gulf War?" he asked in a leading German newspaper, *Die Zeit*. He further criticized what he calls "pseudo-pacifism," namely being prepared to be anti-American on the one hand but disregarding the use of chemical weapons by Saddam Hussein against his Kurdish people on the other. As events have shown, the "pseudo-pacifists" did not win the day: German Chancellor Helmut Kohl contributed substantial and ever growing funds to the Allied cause.

In Britain, there was vigorous support for the war against Iraq, and a mood of national determination backed the troops in the Gulf. The popular press exceeded itself with calls to "get the bastard in Baghdad." More thoughtful voices both for and against the war were raised, but there was no mistaking the national



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British public opinion supported the war against Iraq from the beginning. Here: British troops in training.

mood: The war was just, and Britain shared frustration that its European partners were not doing enough.

All in all, it began to look as if the European nations were harking back to the politics of the past, with Britain, in particular, remembering its historical overseas role—under treaty arrangements with local sheikhdoms it had troops in the Gulf until 1971. The situation also brought back memories of Britain's early days of E.C. membership, when many regarded the country as a Trojan Horse representing U.S. interests: Was Britain now looking back to past glories rather than trying to build the new Europe?

There was, then, a general agreement by leading figures in both NATO and the E.C. that each major European nation adopted its own Gulf policy, dictated by national policies and needs.

This sentiment was succinctly summed up by Britain's Prime Minister, John Major, in a speech to the British Parliament, in which he said: "There is undoubtedly a considerable disparity in the extent to which individual European countries committed themselves to the problems in the Gulf. Political union and a common foreign and security policy would have to go beyond statements and extend to action."

Seen from that angle, there was, therefore, a positive side for Europe in the Gulf crisis. Leaders from E.C. and NATO countries have realized that they will have to do more than make fine speeches if Europe is to develop a common security and defense policy.

Jacques Delors, the E.C. Commission President, known for his enthusiastic pursuit of European integration, has said that, if the E.C. does not develop a real political identity, "the European dream will inevitably fade." And Jacques Poos, Luxembourg's Foreign Minister and current President of the E.C. Council of Ministers, argues that the Gulf crisis has illustrated the urgent necessity of establishing a common European foreign and security policy.

These sentiments have been echoed by NATO's Secretary General, former German Defense Minister Manfred Wörner. He recently said that "if Europe is to measure up to its new responsibilities, it will have to pull itself together rapidly and free itself of outmoded notions of sovereignty." Defense issues, he added, could not be kept outside the scope of the European Community.

The situation in the Gulf has made it more difficult at the intergovernmental conference for E.C. Governments to discuss how to move toward closer economic and political union: Old prejudices and arguments have been reinforced in a war in which Britain was militarily in the forefront of supporting its old ally, the United States.

Nevertheless, Europe does also have an advantage: The Gulf crisis exposed different attitudes on foreign and defense policy to a very public gaze that has proved very embarrassing for the politicians. The reactions of many leading figures in the E.C. and in NATO have been a determination to make a common defense and security policy for Europe a reality. Thus, the agenda for the future has been outlined and European leaders appear ready to take up the challenge.

Maurice Gent is the former Central and Eastern European correspondent of the British Broadcasting Corporation. He is now with the *Financial Times*.

MAURICE GENT

tions were unlikely to succeed, Paris sent a naval force of 11 warships and committed 40 warplanes and 13,500 soldiers to the struggle. France's commitment had grown to 20,000 by early March. The troops included the French Foreign Legion, and another 4,000 French troops in Djibouti, if needed. French air bases provided logistics support for U.S. Air Force tanker planes.

Germany was preoccupied with the integration of East Germany into the Federal Republic when the crisis broke out. After arguing that it could not deploy troops outside the NATO area because of its post-war Constitution, Germany eventually sent 18 Alfa Jets to NATO ally Turkey, and also transferred five minesweepers from the North Sea to the eastern Mediterranean to replace U.S. vessels moved to the Gulf.

Hoping for a quick Allied victory, Bonn initially tried to keep its participation as low-level as possible, but was forced to revise this policy as the war dragged on. Stung by criticism for not doing enough, German Foreign Minister Hans-Dietrich Genscher noted that "the bulk of the U.S. air transport operation is being conducted via German airfields." His country also sent air defense missiles and men to Turkey, and defense equipment to Israel. In addition, Bonn raised its promised aid to help fund the U.S. war effort, with pledges of further funds for Britain, Israel, Egypt, Turkey, and Jordan. Total German aid to the coalition surpassed \$11 billion several months after the war began.

Italy contributed six F-104 Starfighter reconnaissance planes and six warships, but was unable to send troops, because its ground forces are not trained for desert warfare. However, U.S. Air Force mid-air tankers were free to use Milan's Malpensa Airport for refueling.

Belgium sent 18 Mirage-5 fighter-bombers to Turkey, four warships and four Hercules transport planes to the Gulf, and moved medical teams and ambulances to Cyprus. Brussels also supplied U.S. troops with pre-ordered automatic rifles, waiving the \$2.5-million price tag.

The Netherlands sent three warships to the Gulf and moved two Hawk missile squadrons from their stations in Germany to Turkey to defend that country against possible Iraqi air strikes. The Dutch Government also made trucks available to transport American ammunition from Germany to the Gulf.

The Spanish Government, although

embarrassed by the fact that the war was considered unjust by two-thirds of the population, dispatched three warships to

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enforce the embargo. Later, it allowed B-52s to launch raids against Iraq from the Moron airbase near Seville, flying in the bombs on Spanish Air Force planes. Spanish jet fighters also escorted the big American bombers part of the way.

Portugal, Greece, Norway, and Denmark sent one warship each to the Gulf. In addition, they also provided a variety of other support between them, including military hospitals and medical teams, gas masks, floating barriers to fight the oil slick, anti-aircraft equipment, and air-to-air missiles.

Perhaps former British Prime Minister Margaret Thatcher best summed up the way in which Europe responded: "The [European] Community is not a security organization. It has foreign policy cooperation, but when it comes to taking the practical steps, you have to rely on the few countries that have been used to acting in that way . . ."

Europe's armed forces put their lives on the line—together with their American counterparts. Top: The French Foreign legion; above: the French Air Force.

David Lennon, currently managing editor of the syndications department of the *Financial Times*, was a staff correspondent for that newspaper in the Middle East between 1977–85. He flew back to the region the day before the Gulf War broke out to cover the crisis.

E.C. PROMOTES POST-WAR STABILITY IN MIDDLE EAST

On the day the fighting ended in the Gulf, Luxembourg Foreign Minister Jacques Poos, also currently President of the E.C. Council of Ministers, expressed his relief at the end of hostilities and declared that the E.C. must help to establish peace and security in the Middle East.

He said that, after the military issues had been settled, security in the region must be established through confidence-building measures. Poos noted that "the end of belligerence between Israel and its neighbors and the mutual recognition of borders" was of paramount importance.

Already in mid-February, the E.C.'s Foreign Ministers had discussed the challenge of promoting stability in the Middle East after the war, hoping to play an influential role in rebuilding the region. Poos said in an interview at the time that "the Middle East needs a Marshall Plan—a European and, if possible, a worldwide plan."

The Foreign Ministers have underlined their willingness to do everything possible to ensure lasting peace in the region, stressing the importance of a broad, comprehensive approach. Italian Foreign Minister Gianni De Michelis argues that such an approach should be seen not as a single event, but rather as a process during which the players in the region could build enough confidence between them to negotiate a lasting peace settlement.

They recognize that the Arab countries must initiate action for themselves to en-

THE WAR IS OVER:

sure a lasting solution. While the E.C. can provide models on the basis of which they can start their own confidence-building process and security structures—such as the Conference on Security and Cooperation in Europe (CSCE), it cannot, as De Michelis acknowledged, impose any arrangements on the countries concerned.

E.C. ANNOUNCES AID TO ISRAEL, KUWAIT, AND FRONTLINE NATIONS

The E.C. has lifted all restrictions against Israel because of that country's restraint in responding to Iraq's Scud missile attacks. "The adoption of this decision is an expression of the Community's appreciation of, and understanding for, Israel's position in view of Iraq's aggression against her," a spokesman said.

The E.C. will also resume discussions about Israel's association with the E.C. regarding the 1992 single market project. E.C.-Israeli co-

operation on 27 scientific projects will also be resumed.

The European Community is also contributing to an international program to help the Gulf frontline nations cope with the financial losses due to the war. E.C. aid of 500 million European Currency Units (ECU)—about \$700 million—will include grants to Jordan and Egypt, and a loan to Turkey.

On March 4, at their first meeting following the ceasefire in the Persian Gulf, E.C. Foreign Ministers approved an aid package of 250 million European Currency Units (ECU)—about \$330 million—for Israel and Palestinians in the West Bank and Gaza Strip.

That aid will be divided up as follows: Israel will receive 160 million ECU (\$214 million) in loans and an additional 27.5 million ECU (\$37 million) in interest subsidies, while Palestinians in the occupied territories will receive a grant of 60 million ECU (\$80 million) to be distributed through Palestinian banks and agricultural cooperatives as socio-structural aid.

The financial assistance will help alleviate the depressed Israeli economy and assist Palestinians whose wages

were severely cut due to cur-

few restrictions and lowered remittances. In conjunction with the aid package, Luxembourg's Foreign Minister, and currently President of the E.C. Council of Ministers, Jacques Poos announced the E.C.'s ending of the trade embargo with Kuwait.

The E.C.'s quick response to the economic conditions in the Persian Gulf reflects its desire to be involved in the reconstruction of peace and development in the war-torn region. Reinforcing this mandate, the E.C. sent a *troika*, comprised of the Luxembourg, Italian, and Dutch Foreign Ministers, to initiate talks with 15 Arab nations on March 6. The E.C. continues to emphasize the importance of the role of the United Nations and Middle East countries in the restoration of peace and the resolution of the Arab-Israeli conflict and of the Palestinian question.

U.S., U.K. TO HELP REBUILD KUWAIT

The anti-Iraq coalition is preparing for the post-war situation in Kuwait by making constructive plans for that country's immediate reconstruction.

As part of an initial 90-day emergency program, the United Kingdom and the United States have already begun bidding for contracts—estimated to be in the region of \$500 million—to rebuild certain basic services, such as water and electricity, in Kuwait.

Further down the road, however, much more rebuilding is necessary. Much of Kuwait's infrastructure—hospitals, housing, roads, and oil facilities—is in dire need of

WHAT NEXT?

repair or rebuilding. A Kuwaiti committee has been established to choose firms for certain projects, and the United Kingdom has already set up its own task force in Kuwait.

E.C. EMERGENCY AID TO IRAQ

Within hours of the ceasefire, the E.C. Commission granted 500,000 European Currency Units (ECU)—about \$670,000—in emergency aid to Iraq, which the International Red Cross will use to purchase and operate a mobile water purification unit, with a treatment capacity of 80,000 liters per day.

This decision was a quick response to reports of serious drinking water shortages and of potential cholera and typhoid epidemics in Baghdad, due to the destruction of existing water plants by allied attacks. The new water purification plant will not require additional E.C. funding, since the costs are covered as part of a pre-approved plan for seven million ECU for global emergency aid destined for the war-struck region.

The Twelve are also examining whether it is necessary to continue the embargo against Kuwait now that it is no longer occupied, and discussing further aid to help civilians and refugees in the area.

WAR IMPROVES U.S.-FRENCH RELATIONS

Once Operation Desert Storm became reality on

January 17, 1991, France and the United States put aside all the differences expressed before the outbreak of hostilities. Said French President François Mitterrand in a televised interview:

"... During combat, while soldiers are fighting as comrades for the same cause, are we going to indulge in some kind of game of divergence?"

The allied united front contributed significantly to the success of the military campaign. This was particularly true for France, whose military command and control was outside the scope of NATO. Months of diplomatic negotiations paid off as the two countries established an unusually close military relationship during the crisis that will now be cemented by political links: Presidents Bush and Mitterrand met in early March in Martinique to discuss post-war diplomacy in the Middle East.

In France, pro-U.S. sentiment has reached almost unprecedented levels. A recent national survey showed that 75 percent of the population approved of President Bush's handling of the war. Mitterrand, who encountered criticism from left-wing members of his own Socialist Party for engaging in an "American war," also had the support of a vast majority of the French people.

Mitterrand knows that France's position in the war will determine the country's role in the post-war situation. France plans on being a major player in the rebuilding of the region and has already expressed an interest in setting up an international conference to discuss the many unresolved Middle East issues.

Reuters contributed to these news reports.

Andreas van Agt
Continued from page 11

The growing trans-Atlantic cooperation between the United States and the E.C., embodied in a Declaration some months ago, is an essential building block, a cornerstone indeed, for a New World Order. The Declaration's high-flying language is rapidly being translated into real and effective action, to benefit not only the parties directly concerned, but others too. The trans-Atlantic partners should avoid, however, being perceived by outsiders as an alliance teaming up against whomsoever.

It hardly makes sense to talk about a New World Order without taking the environmental dimension into consideration. With tropical forests disappearing, deserts expanding, seas and lakes dying, and the air we breathe becoming even more polluted, it is becoming a matter of life and death whether we can stop this threatening march toward the abyss. It is, in a way, surrealistic to discuss the specifics of a New World Order as long as we are unable to salvage our planet from lethal degradation. Protection of the environment should be a top priority in any world order. Innovation and politically courageous energy policies can no longer be avoided. **E**



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CAPITALS

Cultural City

DUBLIN—The Irish capital is the E.C.'s 1991 European City of Culture, following in the footsteps of Athens, Florence, Berlin, Paris, and Glasgow. Over 400 cultural events are planned, which will include celebrations of James Joyce and Charles Stewart Parnell, the founding of Trinity College and St. Patrick's Cathedral, and the 1916 Easter Rising. Even Wolfgang Amadeus Mozart and Alfred Nobel are being roped in to help animate the preparations.

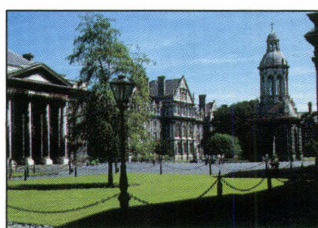
The main emphasis, however, will be on the opening of new art museums, musical and theatrical events, and a street carnival. The organizers admit that most of the program's events would have taken place anyway but that, in the words of Lewis Clohessy, the organizing committee's director, "our job is to give all of these events that bit of extra impetus."

Money is a problem, as always. Compared to Glasgow, which spent about \$85 million, and Madrid, which is budgeting roughly \$200 million for its turn as culture capital in 1992, Dublin's \$7 million seem meager. Some critics have described it as "the art of making Dublin a Euro City of Culture on the cheap." The Government has fended off criticism that it is being a skinflint, only contributing about \$2 million. It argues that a big outlay of taxpayers' money on cultural events limited to the capital would not be appropriate at a time when almost 80 percent of

the revenue from personal taxes is being soaked up servicing the national debt.

The E.C. Commission is making a small contribution under the strictly cultural heading. However, about \$7 million have also been allotted from the E.C.'s Structural Funds to restore the Temple Bar area of

the city, a network of narrow medieval streets beside the



PHOTOS IRISH TOURIST BOARD



This year, Dublin (above) is the E.C.'s European City of Culture. As part of a variety of events, the city will celebrate the anniversary of the founding of Trinity College (top).

River Liffey sometimes wistfully called Dublin's "Latin Quarter." This restoration will save the area from being leveled and made into a huge bus terminal. Dubliners will therefore be able to bless the shrewdness of the conservationist lobby in linking the application for E.C. aid with the European Cultural Year, even after the concerts and art exhibitions are long forgotten.

The year is officially opening on March 16, the eve of the national holiday of St. Patrick's Day. One of the year's highlights will be the opening of a new Museum of Modern Art in the restored Royal Hospital at Kilmainham, which dates from the 17th century and was modeled on the Paris Invalides as an old soldiers' home. Another 18th-century architectural masterpiece, Gandon's Custom House on the Liffey, badly damaged by dynamite during the War of Independence earlier in the century, will be reopened after years of expensive refurbishment.

One of April's cultural events will be a street spectacle commemorating Alfred Nobel—"Lord Dynamite" himself. No connection was intended between him and Gandon's Custom House, but it is the kind of coincidence that would have appealed to James Joyce, a collection of whose papers will be released in the National Library where they have been kept locked away for the 50 years since his death.

—JOE CARROLL

Divisions Over Union

LUXEMBOURG—The Gulf War has skyrocketed Luxembourg's Foreign Minister, Jacques Poos, from relative anonymity to becoming a leading commentator on world events.

In the days leading up to the war, during which the E.C. struggled—and failed—to follow a united path, Jacques Poos, as President of the E.C. Council of Ministers, became a familiar face on television screens across Europe as he attempted to explain the E.C.'s position. (And his name was mentioned so often in radio broadcasts that now we all know how to pronounce it as well: Despite the spelling, Poos apparently rhymes with nose.)

Even before taking over the Presidency, Poos anticipated that the Gulf crisis would stretch the concept of European unity to its fullest extent. And the accuracy of his prediction is not making his job any easier.

For, while the E.C. has embarked on two intergovernmental conferences aimed at drafting a new E.C. Treaty to encompass full economic, monetary, and political union, the Gulf experience has highlighted just how far apart the 12 member countries are.

The conference on political union, over which Poos presides, has made very little headway since its first meeting on January 8. Once every week since then, top officials from the 12 national governments have come together to toss around ideas, and to occasionally put forward draft articles for the new Treaty. But against the backdrop of the Gulf, these meetings are being carried out in a fairly halfhearted way.

Whether they say so publicly or not, many national governments now question the basic concept of full European union, and are becoming considerably more hesitant to make any long-term commitments. The British are annoyed because their Continental partners are

D	I	R	E	C	T	O	R	Y
DUBLIN	<i>Cultural City</i>	.....	34					
LUXEMBOURG	<i>Divisions over Union</i>	.....	35					
BRUSSELS	<i>Under Fire</i>	.....	35					
COPENHAGEN	<i>Predicting the Outcome</i>	.....	36					
LISBON	<i>Controversial Pardon</i>	.....	36					
ROME	<i>Towering Heights</i>	.....	37					
AMSTERDAM	<i>Of Fear and Tolerance</i>	.....	37					
PARIS	<i>Mincing Words</i>	.....	37					
MADRID	<i>Pigging Out</i>	.....	38					
ATHENS	<i>Transportation for 2000</i>	.....	38					
LONDON	<i>Cheer Up London</i>	.....	39					

doing less in the Gulf than they are, and have finally managed to persuade Germany into putting up more money for the war effort. British attitudes toward Belgium—which refused to provide the United Kingdom with ammunition—can only be described as derisive. The Belgians, in turn, have cast the greatest shadow over the concept of a completely border-free Europe and a common immigration policy by issuing a tourist visa to one of the most notorious Middle Eastern terrorists just days before the war started.

Poos is still trying to steer a course for full European union, on the ground that the E.C. needs the machinery to respond in unison to similar crises in the future. But the way things are looking now, Luxembourg will not make as much progress as it had originally hoped to make during its six-month stint in the E.C. Presidency.

—DENISE CLAVELOUX

Under Fire

BRUSSELS—The Belgian Government's desire to enhance its diplomatic profile has experienced a severe setback since the outbreak of the Gulf War, largely due to its own actions.

The diplomatic nosedive started with Belgium's refusal to sell bombs to the United

Kingdom, one of its closest allies. It escalated when the country released Sahid Nasser—a terrorist who had served only one-third of his Belgian lifetime sentence—in order to obtain the release of four Belgians held hostage by the Abu Nidal terrorist group, now based in Iraq. Finally, Belgium gave an entry visa to Abu Nidal's spokesman just hours before American, British, and French jets roared over Iraq and Kuwait.

All this came at the worst time for Prime Minister Wilfried Martens, whose coalition is under pressure from his own Christian Democratic Party, which favors a clear pro-Ally military stance, and the Socialists, who think the United Nations embargo should have been continued before resorting to military action.

Belgian officials have pleaded that those events were not connected. But their confluence during a major international crisis projected "a sense of diplomatic fiasco in Belgium," according to the *International Herald Tribune*, while Belgian newspapers have questioned the ability of Belgian diplomats and Interior Minister Louis Tobback.

Tobback, a Flemish Socialist, was apparently behind Belgium's pre-war refusal to sell ammunition to the British. The Belgian Government has not clearly explained its refusal—except for a veiled reference to on-going negotiations, begun

last December, to free all Belgian hostages detained in Iraq. For that reason, said Defense Minister Guy Coëme, it was bad timing to provide ammunition to any country engaged in the military build-up against Iraq. British diplomats, on the other hand, maintain that Belgium never answered their inquiries clearly.

Belgium's refusal forced Britain to find its bombs elsewhere and led Conservative Members of the British Parliament to question Belgian motives. "Belgians," declared one Member of Parliament, "behave like frightened sparrows" by refusing to provide ammunition, a decision he characterized as "cowardly." British newspapers sympathetic to Downing Street published editorials condemning the move, particularly since it came from a country at the forefront of support for a common defense policy among the Twelve.

In late January, the Belgian Government tried to make amends by providing U.S. troops with 972 free automatic weapons, which had been ordered earlier by the U.S. Government from Fabrique Nationale, Belgium's main arms producer.

Meanwhile, the plot took another unexpected twist when Walid Khaled, a spokesman for the Abu Nidal group in Beirut, was discovered on Belgian soil. It seems that Khaled had entered the country on an ordinary visa, stayed two days in a Brussels hotel, and was then arrested after a passerby noticed him in front of a candy store not far from the Grand'Place. In fact, Khaled had been invited by the Foreign Ministry to put the finishing touches on the deal to release the four Belgian hostages, who had apparently been captured by Libya in 1987 and handed over to the Abu Nidal group a year later to avoid hostage problems with the West.

Khaled's unplanned arrest led to yet another political fiasco. Asked to leave the coun-

try the next morning, Khaled boarded an airplane to Geneva and subsequently disappeared somewhere in the Middle East. The Swiss immediately protested that Belgian authorities had not informed them in time of Khaled's transit through their country, preventing them from tightening security measures.

While Martens and Foreign Minister Mark Eyskens have resisted calls by Belgian opposition leaders for their resignation, three top Foreign Ministry aides did resign. This gesture, however, came too late.

—CHRISTOPHE LAMFALUSSY

Predicting the Outcome

COPENHAGEN—How do you govern a country if you have less than one-third of the Members of Parliament as your power base? The easy answer, of course, is that you don't. But in Denmark, election outcomes are seldom clear, and the one last December was no exception. Danes now have to make do with an exceptionally weak government constituted of only two of the seven parties in the *Folketing*, the Danish Parliament.

That is a challenge to even someone like Danish Prime Minister Poul Schlüter, who has been in office for about nine years as the leader of shrinking minorities, and who is thus an undisputed master of the art of minority government.

Forced to parley for a fragile majority on every issue, some say that the government is now virtually only a caretaker operation, bereft of any political potency. The first casualty was the lowering of Denmark's marginal tax rate of 68 percent by a less than dramatic 2 percent. Danes will remain the most highly taxed people in the European Community.

As the lower taxes on income were to be financed by



ROYAL DANISH EMBASSY

Poul Schlüter has been Denmark's Prime Minister for nine years. Currently, he rules with the support of less than one-third of the Danish Parliament.

higher taxes and fewer tax breaks for business—partly pre-empting future E.C. requirements—the business lobbies have shed few tears. As most political initiatives tend to influence the business environment negatively, some cynics are even saying that a weak government is preferable to any government. If this government lasts, it may even become a surrogate for the business nirvana of no government at all.

That advantage is less obvious in foreign policy, as Uffe Ellemann-Jensen, the extremely capable Liberal leader and Foreign Minister, would be happy to testify—if the opposition majority would let him. For example, the minority government has remained a minority in its desire to upgrade the symbolic contribution of one naval corvette to the U.N. blockade of Iraq. The allied forces, spearheaded by the United States, will be offered field hospitals. But a strong majority in the Danish Parliament opposes the notion that any of the patients could be Danish combat victims.

The same majority is against

suggestions that the E.C. should become an independent military power in the future. It is true that Danish attitudes toward the E.C. have become much more positive, but there are some burdens most Danes would still rather not share.

—LEIF BECK FALLESEN

Controversial Pardon

LISBON—Moves to grant an amnesty to a convicted Portuguese terrorist, Lieutenant Colonel Otalo Saraiva de Carvalho, 53, once one of the country's best known military figures and hero of the democracy-restoring 1974 armed forces coup, has caused much concern in Lisbon.

Otalo, as he is popularly known, was the operational commander of the left-wing coup that ousted a 48-year-old fascist dictatorship in April 1974, dismantled the Portuguese empire, and paved the way for a return to democracy.

He was runner-up in the 1976 presidential elections and,

in the turmoil that followed the 1974 revolution, founded and led a far-left party that, in turn, spawned a clandestine wing. After waging a five-year campaign of killings, robberies, and bombings, Otalo and 54 others were detained in June 1984 and charged with crimes carrying up to 20-year jail terms. Ten of those charged were acquitted.

The charismatic colonel was sentenced to 15 years in jail after a 22-month-long trial on subversion and other charges. He was found guilty on the main charge of "leading, directing, and funding" a terrorist organization, the *Forças Populares de 25 de Abril*, and appealed.

Although the Portuguese Supreme Court recently confirmed the sentence, there has been considerable domestic and international public and political pressure to pardon him because of his earlier key role in restoring liberty and freedom to Portugal. In fact, many regard him as a misguided hero who allowed ideals and revolutionary fervor to override plain common sense.

The colonel meanwhile lodged an additional appeal to the country's Constitutional Court, claiming that his trial contravened fundamental aspects of the Portuguese Constitution. Lawyers believe that this may provide a loophole to quash the original conviction, annul the proceedings, and clear the way for a general amnesty of all involved.

Aware of the continuing controversy over keeping Otalo in jail (he served more than three years in preventative detention even before the trial), President Mário Soares called on political party leaders at the end of last year, urging them to promote an amnesty for the convicted man.

The parliamentarians generally appeared willing to do so. They are wary, however, of freeing some of the other 44 co-accused who were jailed on a variety of terror charges, in-

cluding murder. This reluctance poses a problem because, until recently, Otalo refused to accept amnesty for himself unless it covered everyone involved.

Otalo's position has drawn criticism from some deputies, particularly those of the right-wing Christian Democrat (CDS) Party. CDS spokesman, lawyer Narana Coissoró, said: "The CDS is not against amnesty for people convicted for their opinions or for political crimes. But when we are faced with bloody or ultra-violent crime, we could not lightheartedly support an amnesty."

The issue is now regarded as pre-eminently political and a solution still appears some way off.

—KEN POTTINGER

Towering Heights

ROME—Italy, southern Italy in particular, and the Arab world have always been closely linked. Centuries of shared history across the Mediterranean have created ties that have held despite periods of tension, such as the Arab invasion of Sicily in the Middle Ages and the Crusades against the infidels in the Holy Land. Therefore, despite some initial resistance, a proposal to build a large mosque in Rome, the capital of the Roman Catholic Church, was approved without excessive fuss a few years ago. But if cultural differences and religious wars had failed to sow permanent seeds of discord, it seemed that Roman bureaucracy was about to succeed in doing so.

The project (to be built in Parioli, one of Rome's most elegant areas) was entrusted to Paolo Portoghesi, one of Italy's best-known architects. The bone of contention was the proposed height of the mosque's minaret, the "tower" from which the muezzin calls the faithful to prayer. Portoghesi had designed a 42-meter-high

tower, roughly 138 feet. The city's administrators, however, wanted it to be only 28 meters tall, or roughly 92 feet. Subsequently, a formidable "anti-architect" front united the political parties that are generally sworn enemies. Christian Democrats, Communists, neo-fascists, and Greens all agreed on the 92-foot-high minaret, arguing that, if the taller version were used, "the skyline of the area would be irreparably changed."

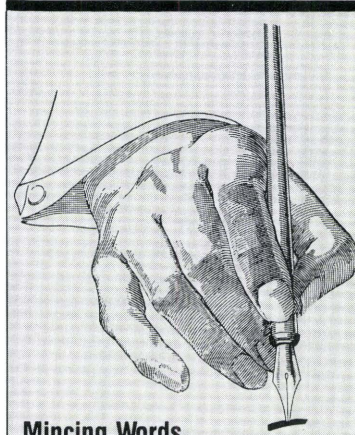
As with every Roman uproar, this one, too, was eventually resolved with a compromise: The minaret will be 39 meters (128 feet) tall. It would have been a shame if this project, which so symbolically creates a bridge between the Western and the Arab worlds, failed, especially at a time like this. The mosque's design will be a well-balanced marriage of Islamic and Roman elements. For example, some of the marble used comes from an antique quarry that in its time provided marble for the construction of the Coliseum.

—NICCOLÒ D'AQUINO

Of Fear and Tolerance

AMSTERDAM—The Netherlands, already the world's most densely populated country, is grappling with an ever increasing number of applications for political asylum. In 1989, these numbered 14,000; in 1990, they rose to 20,000, and in 1991, the Justice Ministry expects them to reach 25,000.

Approximately 7,000 people are currently waiting for their political asylum applications to be accepted. Sri Lankan Tamils constitute one of the largest groups, but the number of applications from Eastern European countries has also greatly increased. According to Maurice van Hezik, spokesman for the Justice Ministry, the Ministry will have to increase its



Mincing Words

PARIS—A lot of ink has recently been spilled in France in a violent clash of—and over—words. Writers, academics, and linguists have wielded sharpened, sometimes even poison-tipped, pens in a fierce fight over a proposed reform of French spelling.

The battle lines were drawn almost imperceptibly two years ago, when the French Government appointed a group of experts to sit on a Superior Council of the French Language. The changes they proposed, presented to Prime Minister Michel Rocard in a report last June, were intended to modernize and simplify French. They did not sound dramatic: A few hyphens would be dropped (for example, *pique-nique* would become *piquenique*), nouns of foreign origin would have a final 's' in the plural (for example, *les rugbymans* instead of *les rugbymen*), a few accents would be altered, a few consonants doubled, and spelling would, in general, be more phonetic (for example, *eczéma* would turn into *exéma*). All in all, no more than 4,000 of the 50,000 words in current usage would be affected by the new rules.

The Government spoke of a mere *toiletage*, a tidying up of spelling, which would be introduced at the primary-school level starting this fall. Most teachers approved: After all,

even the Académie Française, which has jealously guarded the purity of the French language since 1635, was willing to endorse the changes. In December, however, when the proposal was officially published, the Académie members and other ardent francophiles reacted with outrage at the linguistic treachery they saw lurking in the meekly presented *rectifications*.

Passions began to run high, particularly concerning the fate of the circumflex accent, the pointy little hat whose presence above a vowel evokes the memory of a vanished consonant (for example, *île*, which once was "isle"). The reform package suggested doing away with the circumflex above i's and u's. Writers, editors, academics, entertainers—patriots all—waxed lyrical in defense of the circumflex. "Who," they demanded, "would want to eat a *huître* (an oyster) without a circumflex to close it? Who would willingly approach an *abîme* (an abyss) without a circumflex to bridge it?" Novelist Henri Troyat claimed that abolishing the circumflex would be like "disfiguring the soul of a word."

Petitions circulated and language defense committees sprang up, with names such as *Le Français Libre*—The Free French—and the somewhat more bloodthirsty *Comité Robespierre*, which demands nothing less than "the moral guillotine of contempt against the soulless, unthinking technocrats who have dared to profane our language."

In the face of such a violent onslaught, the French Government has beaten a hasty retreat and shelved its reforms, leaving the champions of the circumflex to savor the sweet *goût* of victory.

—ESTER LAUSHWAY

staff in the near future to deal with the increased volume.

In 1990, the Netherlands had over 15 million inhabitants in an area the size of the state of Maryland. More than two million were born outside the country—in countries as varied as Indonesia, Suriname, the Antilles, Turkey, and Morocco—and half of them now hold Dutch nationality. In fact, 5 percent of the Turks and 7 percent of the Moroccans have become Dutch citizens.

The onset of hostilities in the Gulf has caused unease among many Moslems in the Netherlands, who are afraid of personal repercussions. In neighboring countries, for example, Moslems have been refused employment for fear of terrorism. To allay these fears, the Center for Foreigners has set up a special "Gulf Telephone Line," which foreign workers—mainly Moroccans and, to a lesser extent, Turks—call each night for support. I. Akel, the center's spokesman, says: "So far, there have been no reports of physical threats against Moslems. There have only been rumors, which we carefully investigate."

Ien Dales, the Minister of the Interior, took the initiative to meet separately with leaders from the Dutch Jewish and Islamic communities to ease mutual fears of hostility. The success of the Minister's initiative, which advocated the need for tolerance and understanding, was illustrated in the fact that Jewish and Moslem leaders then met, agreeing that just getting together was the first step toward maintaining tolerance.

—NEL SLIS

Pigging Out

MADRID—Cured Iberian ham is omnipresent in Spain, hanging from hooks in bars and butchers' stalls. It is served,

thinly sliced, at almost every special gathering. But until recently, one needed to visit Spain to savor its succulent pleasures.

An E.C. Veterinary Committee ruling has changed all that. In February, the Committee declared all but a tiny portion of Spain free of African Porcine Sickness, thereby clearing the way for greater exports of the delicacy to other E.C. countries. The E.C. had already lifted restrictions from large parts of the country two years ago, but most of the best ham—the black-hoofed, acorn-fed variety—remained taboo for Spain's European neighbors.

With its rich red color and just the right touch of marbled white fat, *Jamón Iberico* is the ultimate *tapa* in Spain. With prices for the best ham reaching \$150 a kilogram (2.2 pounds), it is also a status symbol. Businesses offer whole hams, costing as much as \$750 each, as tasty Christmas gifts, perhaps hoping to soften up potential buyers and clients. One

can measure an executive's clout by the number of Yuletide hams he or she receives.

The best hams come from Salamanca, Extremadura, and Huelva. There, Iberian pigs are allowed to roam wild and to feed on grass and acorns. Once they are slaughtered and bled, their meat is cured for months by an elaborate process of malting, "sweating," and maturing. The resulting hams are good enough to tempt even the most honest to try a bit of smuggling.

A couple of years ago, the Spanish Ministry of Culture was reportedly caught trying to slip a few hams into the United States, where they are still prohibited, to liven up a high-class reception. At about the same time, when Spain held the rotating presidency, the Agriculture Ministry gave hams to visiting E.C. Ministers. None were returned to the Ministry, so it is a good guess that at least some of them made it past customs and into mouths beyond the frontier.

When Spain next assumes the E.C. presidency in 1995, the whole country is expected to be officially free from the Porcine Sickness, so the Ministers' pleasure will be even less sinful.

—RICHARD LORANT

Transportation for 2000

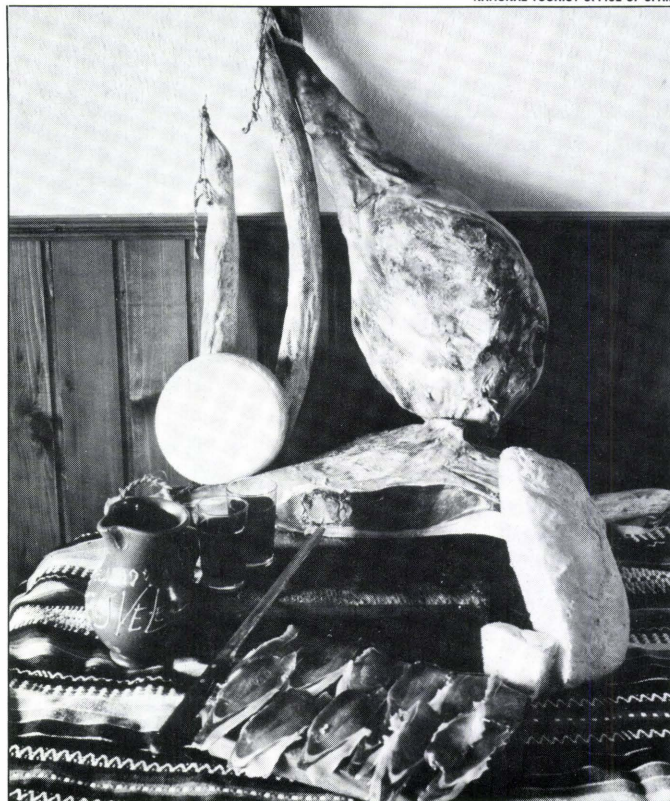
ATHENS—At last—if there are no further hitches—Athens will get two new underground metro lines. In January, four years after the \$1.5-billion project was first put out to tender, Environment and Public Works Minister Stefanos Manos announced that it will be built by Olympic Metro, an international consortium led by Siemens A.G. of Germany. Work should start later this year and be completed in 1997. Planners hope that the new underground network will help relieve chronic traffic congestion, cut fuel consumption, and curb severe air pollution.

The one existing line, dating back to the inter-war years, runs north-east to south-east from the wealthy suburb of Kifissia through the city center to the port of Piraeus, and can carry only a small fraction of the overcentralized capital's commuters. The two new lines, totaling 18 kilometers (about 11 miles) of track with 20 stations, will run north-south from Sepolia to Dafni and west-east from Kerameikos to the Defense Ministry at Papagos, intersecting at a brand new station in Constitution Square.

"After 20 years of postponement and backtracking, this is an historic decision for Athens," said Manos. Indeed, the need for an integrated underground railway system was first discussed in the 1950s, but decades were then wasted in endless preliminary studies alternating with long periods of sheer inactivity.

Andreas Papandreou's social-

NATIONAL TOURIST OFFICE OF SPAIN



Spain is famed for its cured hams.

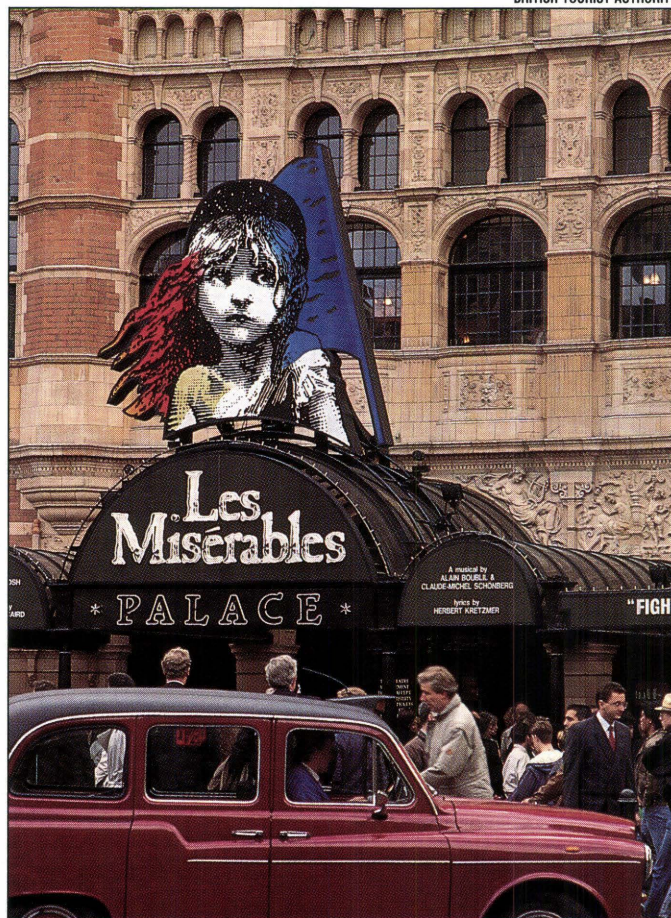
ist PASOK government finally took the plunge in 1987, authorizing the digging of a one-kilometer pilot tunnel from Sepolia. Two years later, a ministerial committee recommended that the Olympic Metro bid be accepted, but by then the PASOK government was sinking in a swamp of scandals, and Papandreou ruled to delay a decision until after the impending general election.

There were also recriminations from the two losing consortia originally short-listed, to the effect that Olympic Metro's Greek partners had been awarded a disproportionate share of public contracts under PASOK. Some Greek contractors complained, too, that they had been unfairly excluded from the competition because of financing requirements later revoked. Following the June 1989 election, which saw the defeat of PASOK, two short-lived coalition governments were unable to resolve the problems.

Appointed last April by the conservative New Democracy government, Manos had his work cut out for him. He first had to persuade all three builders to withdraw reservations in their bids over unforeseen difficulties that might emerge during construction, and second to convince the E.C. that Community rules had been observed before the project was assigned. Approximately one quarter of the metro's financing will come from the E.C.'s Regional Development Plan for Greece, loans from the European Investment Bank will account for another half, and the Greek state will cover the balance.

Not all the hurdles, however, have been overcome. A final contract still has to be negotiated with Olympic Metro—a process Manos expects to take three to four months—and this must subsequently be approved by Parliament. But if everything goes smoothly, work sites will be set up and excavation will start by the end of the year.

—PETER THOMPSON



As a result of the Gulf War, a dramatic drop in the number of tourists has hit London's theaters hard. That allows Londoners to see the shows usually sold out for months. Above: "Les Misérables."

Cheer Up London

LONDON—London's traditional winter gloom has been grimmer than usual because of the dramatic drop in tourism as a result of the Gulf War. While hotels, restaurants, and theaters complain about a drop in business, many Londoners applaud the fact that it has become easier to get a theater ticket, book a table at a restaurant, or find a taxi in the street.

Some purists, who fear that tourism has been turning London into a cultural Disneyland-on-the-Thames, are delighted that many businesses primarily designed for fleecing American tourists are going bust.

However, not only the exploitative end of the market has been hit hard by the dearth of visitors. Many honest and decent restauranteurs are also

finding it impossible to keep their doors open if no one walks in through them. London's *Evening Standard*, for example, reported "one restaurant closing every day," and quoted Gordon Damzen of the Restaurant Switchboard booking agency saying that the "war in the Gulf has turned the bad situation caused by the economic recession into a catastrophe."

Top-class restaurants, where only the very rich or very famous could command a table at will, while ordinary mortals had to book two or three weeks in advance, are now taking same-day bookings. Better still, these top establishments have launched a campaign called "Cheer Up London" to try to drum up business by offering dining bargains. The star reduction was at La Gavroche, where a three-course fixed-price din-

ner was offered at \$73, instead of the usual five-course meal at \$108. Overtons made a "sale offer" of 20 percent to 30 percent off their food and wine. More modest establishments gave away free bottles of wine.

Because of their overdependence on tourists, West End theaters, too, are suffering badly from the fall-out of the Gulf War. Many theater owners are worried about their ability to keep the lights on if they cannot, as they say in theater parlance, "put the bums on the seats."

Since the theaters depend for a sizeable part of their business on the tourist trade, many Londoners used to complain of the difficulties in trying to get seats for the musicals and comedies so popular with visitors. Not anymore. Suddenly, it has become possible to decide on the spur of the moment to see a show without being frustrated by box offices only taking bookings for six months hence.

London's hotels, which were generally regarded as overpriced at all levels, are now open to offers. Already reeling from the effects of the cuts in business travel because of the recession, they have now also been hit by a rash of cancellations from tour groups worried about terrorism. Bargaining is now the order of the day. Anyone who wants a hotel room in London can now haggle with the hotelier for discounts of up to 50 percent. The manager of a small hotel in Bayswater, which normally charges \$148 a night for a double room, said he would let the room go for \$59.

But perhaps best of all for residents of London is the effect of the Gulf crisis on London's taxis. They were hard to find six months ago, and their drivers might have refused your fare if you were not going their way. Now they have suddenly become plentiful and the drivers downright cooperative.

It is true, every cloud *does* have a silver lining.

—DAVID LENNON

BERLIN

Erich Honecker, 78, the former East Germany's ousted Communist party leader, is clutching hopelessly to his illusions. "Socialism as such is not a utopia, it is a science," he insists in a long interview that has just been published as a book, entitled *The Overthrow*.

Honecker is convinced that the former GDR was a victim of the "timetable for a European House, in a German Europe, [where] the beneficiaries are the architects of the Fourth Reich." He still believes that these events "buried his 40-year-long work, which had the great chance of realizing socialism on German soil as a system serving the interests of all." His replacement by *Egon Krenz* was "a scandal without precedent in the Communist Workers' Movement," on which he, Honecker complains, was not even consulted.

ROME

After endless political discussions, Italy is now willing to raise its military requirements to better match international defense standards. *General Goffredo Canino*, chief of the Italian armed forces, is now planning an ambitious reorganization program, as part of which he is coming up against a variety of problems.

First, due to a sharp demographic decline that started in the mid-1970s, Italy's near-zero population growth won't allow for enough enlisted men for a strong and modern army. Instead, Canino proposes a permanent "mini-army" of about 30,000 strongly equipped professional soldiers, which would be strengthened by temporary units drafted for six-month peri-

ods that could be called back to service for shorter periods.

Another problem is money. The Italian military budget is about \$7 billion per year. This means, first, that salaries are very low. "This way we can attract only uneducated . . . young men," complains Canino. Second, lack of funds also jeopardizes Italy's ability to keep up with technological progress.

The Gulf crisis has undoubtedly made Italians more aware of the necessities of a good and strong military defense. If Italy is to play a stronger role in the new strategic scenarios, a new commitment is expected from the Rome Government.

PARIS

A change in defense ministers in the middle of a war isn't exactly textbook politics, but the appointment of *Pierre Joxe*, 56, to replace *Jean-Pierre Chevènement*, 51, as France's defense chief brought sighs of relief rather than shudders of concern.

Joxe, the former interior minister, is a master of the one-line joke and a fierce loyalist of Socialist President *François Mitterrand*. He is expected to make the president's job a lot easier following the waves created by Chevènement over the Gulf crisis.

Chevènement had wondered aloud whether economic sanctions against Iraq should not be given more time. This caused severe morale problems for French military officers in the Gulf once the war began.

Joxe, a reserve officer in the military, is the son of a former French ambassador to Moscow and Bonn, who later served as minister to *Charles de Gaulle*. Pierre Joxe served as interior minister for two terms, from

1984-86 and again beginning in 1988. During that time, he earned a no-nonsense reputation as the man in charge of the nation's police forces.

His desire for a new post, preferably the foreign ministry, was hardly a secret in the inner circles of the French Government. So, when Chevènement resigned, there was little surprise that Joxe got the top defense spot, a high-profile plum, in the midst of an international crisis.

LONDON

Britain's Defense Secretary *Tom King*, 57, who told his cabinet colleagues to "Get Down!" when an Irish Republican Army (IRA) mortar bomb landed just outside the Cabinet room at 10 Downing Street in February, is no stranger to terrorist threats.

King had his first encounter with terrorism when he commanded a company of the King's African Rifles in Kenya in the 1950s. There they had to chase the Mau Mau terrorists who were fighting for Kenya's independence from British colonial rule.

Since becoming a high-profile figure as a leader of the British war effort in the Gulf, he has doubled the terrorist threat against him. Now at risk from Iraqi sympathisers, King had also been targeted by the IRA when he was the British Cabinet Minister responsible for Northern Ireland.

Since his youthful experience in the British Army, King has retained a liking for military jargon and continues to use it no matter what the topic. While this may irritate some, it reportedly went down well during his visits to the British troops sent to Saudi Arabia as part of

the allied forces. Among them, he dropped his aloof manner and became "one of the boys."

MADRID

Enrique Barón Crespo, 47, President of the European Parliament, is the first Spaniard to head an E.C. institution and an admitted European federalist. In that vein, his priorities as president of the 518-member Parliament have concentrated on strengthening its institutional importance and on encouraging parliamentary democracy in Eastern Europe.

Barón Crespo keeps himself busy. He works out of six offices scattered throughout Europe and, aside from presiding over the European Parliament, the trained lawyer (he defended Spanish political prisoners during the last Franco years) and veteran politician (he was elected to Spain's Parliament in the first free elections in 1977, and served as Minister for Transport, Tourism, and Communications from 1982-85) still finds time to write.

Indeed, Barón Crespo's published works span a wide range of topics, from studies on "Population and Hunger in the World" to "The End of the Peasant" and "The Automobile Civilization." Says Barón Crespo about his activities when his term as Parliament President ends: "I have some books in mind. I also have a half-written novel, set mainly in Spain, about the first millennium in Arabic-Christian relations. I think I should also write another book, not of memoirs, but of conclusions about my career."

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E.C. NEWS

FOREIGN AFFAIRS

E.C. HAILS END OF APARTHEID, PROMISES TO LIFT TRADE SANCTIONS

When the South African Parliament opened in February, President F.W. De Klerk shocked both opponents and proponents of apartheid when he called for the elimination of laws perpetuating the discriminatory system.

The announcement met with resounding approval in the West. The E.C., which had already lifted the first of its sanctions last December—a voluntary ban on new investment—agreed unanimously to remove the remaining economic sanctions when the proposed legislation becomes law. This does not, however, include sanctions agreed upon in 1985 banning arms sales and military and nuclear cooperation.

Jacques Poos, Luxembourg's Foreign Minister who currently presides over the E.C. Council of Ministers, said that De Klerk was fighting "three cornerstones of apartheid," and that this would "open the path toward the complete and irreversible abolition of apartheid and the establishment of a united,

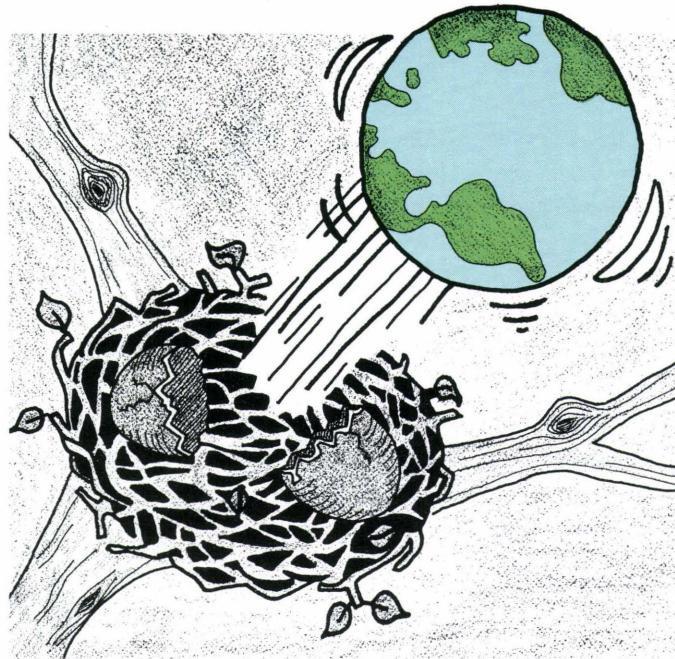


ILLUSTRATION BY FAY PATTEE

non-racial, and democratic South Africa."

The "cornerstones" to which Poos was referring are the Population Registration Act, the Group Areas Act, and the Land Acts that endorsed the racial and ethnic divisions of South African society and permitted White minority rule. The reforms are scheduled to be enforced by June 1, 1991.

South Africa has firmly rejected any E.C. or U.N. involvement in ending apartheid. At the same time, however, Foreign Minister Pik Botha urged the West to resume investment and to restore international financial relations as soon as possible. The past 20 years of trade sanctions have left South Africa with more than a 50 per-

cent unemployment rate among its Black majority population and has cost the nation an estimated \$27 billion.

E.C. RESUMES FOOD AID TO SOVIET UNION

Following the crackdown in the separatist Baltic Republics of Latvia and Lithuania in January, the E.C. initially postponed the emergency aid approved last December and initiated steps for a formal human rights complaint under the CSCE charter.

The E.C. has now re-established a dialogue with the So-

viet Union. In mid-February, it sent a *troika* of Foreign Ministers from Italy, Luxembourg, and the Netherlands—representing the last, current, and next presidents of the E.C. Council of Ministers—to Moscow to meet with President Mikhail Gorbachev. Reporting on that meeting, Luxembourg's Foreign Minister Jacques Poos said that the Soviet Union needed time to solve its problems, and that "Gorbachev would continue on the path to reform even if he sometimes had to take a detour." British Foreign Minister Douglas Hurd underlined that the E.C. had "no desire to show any hostility toward President Gorbachev or to jump to conclusions about his policy."

E.C. leaders increasingly feel that withholding food aid to the Soviet Union could lead to further social instability and possibly more Soviet oppression in the Baltics. In early March, therefore, the European Parliament approved \$325 million in emergency food aid for the Soviet Union and another \$650 million in food credits to allow the country to stock up on staples.

The European Parliament also gave the go-ahead to initiate talks for the use of a previously frozen technical aid program worth \$520 million, on the condition that the Baltic states benefit from the aid, and that health projects in Moscow's outskirts be financed from it.

TRADE

GATT TALKS RESUME IN GENEVA

The GATT talks resumed in Geneva in late February on an optimistic note. The breakthrough that allowed the return to the negotiating table was the E.C.'s agreement to discuss agricultural support measures in three areas, namely domestic subsidies, subsidies for foreign sales, and import barriers.

GATT Director-General Arthur Dunkel expressed his recognition that "this has been a demonstration of collective will to protect the international trading system and put the Uruguay Round back on track." GATT officials view a positive result of the talks as critical for a weak world economy that could certainly use a boost from increased international trade.

TRANSPORTATION

EUROPE BETS ON FAST TRAINS FOR THE 2000s

E.C. Transport Ministers have approved a Commission proposal to build a European high-speed rail network that could, by 2010, link Scotland with Sicily, Lisbon with Berlin, and Copenhagen with Seville, and cut current travel times in half. Karel Van Miert, the E.C. Commissioner in charge of transportation, noted that trains could then "accomplish what so far has only been possible by plane, and will do so remarkably comfortably, economically, and safely."

This gigantic undertaking will require a substantial investment. About 15,000 kilometers of existing lines will have to be rebuilt as well as 9,000 kilometers of new lines. Trains developed for this high-speed rail network could also run anywhere on the E.C.'s electrified network, once rolling stock capable of running unhindered over the entire network is gradually incorporated.

France and Germany already have high-speed rail systems in operation or under development. The French *train à grande vitesse* will soon link up with Germany via Belgium, and with England via the Channel Tunnel. Once the system is complete, travelers will be able to enjoy breakfast in London, lunch in Paris, and dinner in Frankfurt—all on the same day.

EUROPEAN AFFAIRS

E.C. STEPS UP AIRPORT SECURITY

In Paris, a new security plan, called *Vigipirate*, went into effect all over France in January. Phase Two of the plan, in effect since January 17, represents the tightest security measures experienced in France since the 1954-62 Algerian war.

Charles de Gaulle and Orly airports are among the 3,000 "sensitive points" given extra protection. Passengers to both airports are urged to travel there by bus or subway and to avoid going by car. Passengers must show their tickets to police officers before approaching check-in counters, and should allow an extra 30 minutes to 60 minutes for security checks. Arriving passengers must also show their tickets before being allowed

into the baggage claim area.

The only real inconvenience of this system is that half of all flights are leaving about 30 minutes late.

Since Brussels is the headquarters of NATO, its airport has long been security-conscious. Security measures and police patrols are now even tighter, however. Departures by Israel's El Al airline had already been relegated to a separate, high-security terminal before the Gulf crisis. Since the start of the war, carriers from Iraq, Libya, and the Gulf States have also been assigned a special terminal. Departure delays have not been longer than before.

Security measures at Frankfurt airport have been tightened considerably. About 3,000 officers are assigned to the airport. Passengers may no longer be dropped off beside the terminal building. They should check in two hours ahead of departure and must submit to careful searches. Radios, cassette recorders, hair dryers, portable computers, and even electric razors are forbidden aboard. Partly due to these inconveniences, air traffic is down, with many Germans resorting to trains or cars.

Security at London's airports has been stepped up to unprecedented levels. Heavily armed police officers patrol terminals, and additional security personnel search passengers more carefully than usual. Trash cans have either been removed or adapted to prevent hidden packages. Access to the top floors of parking garages has been restricted. Passengers on trans-Atlantic flights must arrive three hours before departure. For other flights, 30 minutes more than usual must be allowed.

At Rome's Fiumicino airport, the new level of security is strikingly patent. The airport swarms with police officers, dogs, soldiers, paramili-

tary *carabinieri*, armed customs officers, and plain-clothes agents. Only passengers are allowed into the international terminal, and they must show passports and tickets upon entry. Special security measures have been put into place for check-in of flights on Pan Am, TWA, and El Al. Police inspect all planes before boarding takes place, and high-risk flights are escorted at landing and take-off by police cars or helicopters.

ENVIRONMENT

NETHERLANDS SEEKS ENERGY FROM NEW WINDMILLS

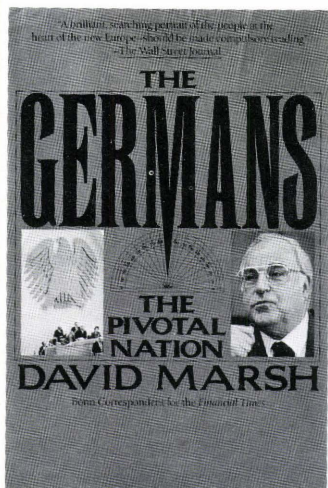
As part of the Netherlands' effort to conserve energy, the Dutch Government and provincial officials agreed earlier this year to the nation's largest windmill construction program since the 17th century.

The plan calls for up to 3,000 new 100-foot-tall metal mills, which would replace about 1,000 of the traditional wooden windmills across the country.

The project's ultimate goal is to economize on the use of environmentally destructive fossil fuels. It is hoped that the new mills will produce about 1,000 megawatts of electricity by the year 2000. With existing power stations currently producing about 15,000 megawatts, experts warn that wind power will never produce more than a small amount of the Netherlands' electrical power requirements.

Reuters contributed to these news reports.

BOOKS in REVIEW



The Germans. The Pivotal Nation. By David Marsh. St. Martin's Press, 1990. 386 pages. \$22.95

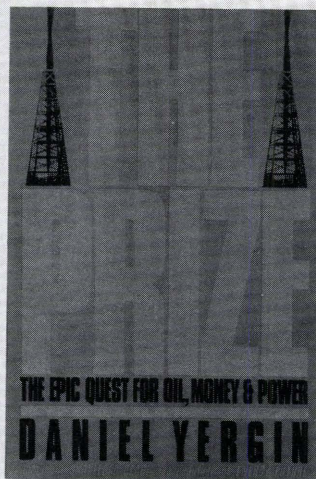
“Some countries . . . have weathered catastrophe and then regained their place in the world. Others have sunk into oblivion. Germany, in a sense, has done both. It has lost its ability to play a world role, yet has remained at the fulcrum of the international power balance.”

This passage is the essential argument of David Marsh's book *The Germans*, and, indeed, presents the dilemma of post-war Germany in a nutshell.

Marsh, the *Financial Times'* Bonn correspondent, examines the country's political, economic, sociological, and cultural structure since 1945, and presents the questions that beg answers more urgently than ever now that the unified country has changed the balance of power in Europe.

Marsh portrays Germany and the Germans not in dry facts, figures, and academic theories, but in a lively and readable manner. As a journalist, he bases his book on hundreds of interviews with politicians, writers, journal-

The Prize—The Epic Quest for Oil, Money & Power. By Daniel Yergin. Simon & Schuster, New York, 877 pages. \$24.95.



Kuwait's major industry was once natural pearls, not oil. Then, in the 1930s, a Japanese noodle vendor, Kokochi Mikimoto developed a technique for cultivating pearls artificially that literally destroyed Kuwait's pearl business and led it into the oil business.

This is only one of the many important pieces of oil history and lore described in Daniel Yergin's *The Prize—The Quest for Oil, Money & Power*. The book reads like a compelling novel, throughout which Yergin weaves a fascinating story of the companies, governments, and forceful personalities who have shaped the multinational oil industry over the past 150 years.

Yergin's cast consists of colorful, brilliant, and aggressive businessmen, kings, and ministers that few novelists could dream up. *The Prize* presents in-depth profiles, to mention only a few, of the accomplishments and foibles of such men as John D. Rockefeller of Standard Oil; Marcus Samuel, the founder of Shell Transport; Henri Deterding of Royal Dutch; J. Paul Getty of Getty Oil; the Shah of Iran; King Ibn Saud of Saudi Arabia; Abdullah Tariki, the first Saudi Oil Minister; and Juan Pablo Perez Alfonzo, his Venezuelan counterpart.

The Prize is also a vivid history of the oil industry from the first oil wells in Pennsylvania and the discovery of oil in Baku, Russia, through the quiet birth of OPEC in 1960 to the energy shocks of the 1970s, and even to the Iraqi invasion of Kuwait last August. Moreover, this massive book is meticulously researched, and Yergin provides a solid foundation for understanding the historic policies and decisions that affect the prices and supplies of oil worldwide.

In describing the development of the Saudi oil industry, Yergin notes that King Ibn Saud was “much more interested in exploring for water than oil.” He signed a contract with Standard Oil in May 1933, but oil was found in Saudi Arabia only in March 1938, shortly after it had been discovered in Kuwait.

The book is filled with hundreds of little known facts that make Yergin's analysis all the more gripping. He notes that Japan's need for oil was one of the primary reasons it attacked Pearl Harbor in December 1941. However, Yergin says that the Japanese made one critical mistake: They failed to destroy

ists, and men and women from every walk of life. He tells their stories, intertwining them with his own profound historical insight and political knowledge, to present a poignant portrayal of both the country and its people—with all the inherent complexities and contradictions.

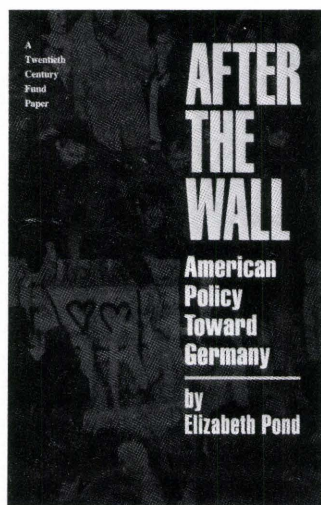
Throughout the book, Marsh stresses the “dualism” that occupies Germans: overcoming the legacy of 12 years of National Socialism and putting the past behind them to get on with—and start to enjoy—life. West Germany has achieved much since 1945—becoming once again an economic hot-house—but its people are still plagued by the emotional consequences of Hitler's traumatic rule that ended in complete military defeat and a burdensome pre-occupation with the past on the one hand, and the geographical and ideological division of the country on the other.

Marsh argues that unification now “brings the chance of closing off Hitler's cycle of dictatorship, destruction, and defeat,” although he is well aware that this presents “mixed blessings” to Germany's international partners. He writes: “How does a ‘junior’ partner suddenly take on a more assertive ‘senior’ status without disrupting relations with its partners and neighbors? Can the nation be restored without renewing the conflicts that, last time, tore it apart? Fundamental questions about Germany's identity and place in the world were masked, not resolved, during four post-war decades; they are not pressing for answers.” That warning is addressed as much to the new Germany as to the powers that were instrumental in both its division and its unifi-

cation.

It is appropriate that *The Germans* should have made its appearance at a time when, again united, the country has sparked renewed world interest. Marsh's attempt to cover all aspects of life in Germany today—ranging from the nature of political and economic structures to German "soul-searching" about the past, present, and future, pronounced attitudes on the environment and nuclear weapons, German relations toward its small Jewish community, *Wanderlust*, and much more—has succeeded in creating a comprehensive profile of one of Europe's most complex nations. His knowledge and insight have produced a most readable study that anyone with any interest in Germany cannot afford to miss.

—Anke Middelman



After the Wall: American Policy Toward Germany. By Elizabeth Pond, A Twentieth Century Fund Paper. Priority Press Publications, New York, 1990. 96 pages. \$8.95.

When Germany's efforts to support the U.S.-led campaign to end the Iraqi occu-

the 4.5 million barrels of oil stored on Oahu. "Every barrel of oil in Hawaii had been transported from the mainland. If the Japanese planes had knocked out the Pacific Fleet's fuel reserves and the tanks in which they were stored at Pearl Harbor, they would have immobilized every ship in the American Pacific Fleet, and not those they actually destroyed," writes Yergin.

The Prize also includes a comprehensive analysis of the history of synthetic fuel. Yergin explains that, contrary to popular belief, synthetic fuel is nothing new since it was already used in great quantities by Germany during World War II. By 1940, Germany's production of synthetic fuel had increased to 72,000 barrels a day, accounting for 46 percent of the total oil supply and 95 percent of Germany's total aviation gasoline.

The book also points out that, in late 1947, the U.S. Interior Department called for a \$10 billion crash program to provide two million barrels a day of synthetic fuels. Only \$85 million was authorized, and Yergin notes that it was estimated in 1951 that "gasoline from coal would cost three and a half times the market price for conventional gasoline."

Despite its global influence, OPEC is not mentioned until page 518, when Yergin provides a detailed account of the men who started the oil cartel. Juan Pablo Perez Alfonzo, who eventually became the Venezuelan Oil Minister, developed the idea after an intensive study of the Texas Railroad Commission at the Library of Congress during his exile in Washington, D.C.

Yergin explains that Perez Alfonzo first offered his idea for an oil cartel to the United States, which turned it down. He proposed to "create a Western Hemisphere oil system, but one that would be run by the governments, not the oil companies. Under it, Venezuela would, as a nation, be given a quota—a guaranteed share of the U.S. market. No longer would it be the prerogative of the companies to decide from which producing country to bring in petroleum." Yergin argues that Perez Alfonzo's idea was not really so out of line because "it was exactly the way the American sugar quota system worked—each country had its share. But then, oil was not sugar."

In *The Prize*, Yergin asserts that the United States and other countries learned the lessons of oil shortages in the early 1970s, as illustrated by the 1975 legislation to double the average mileage per gallon of American cars. "Altogether, by 1985, the United States was 25 percent more energy efficient and 32 percent more oil efficient than it had been in 1973. If the United States had stayed at the 1973 levels of efficiency, it would have used the equivalent of 13 million barrels of oil more than it actually did in 1985."

Moreover, Yergin maintains that, as late as 1977, OPEC had produced two-thirds of the free world's total crude oil. "In 1982, for the first time, non-OPEC overtook OPEC production, and indeed was a million barrels per day higher and still rising."

Daniel Yergin's book should be on the mandatory reading lists of executives and government officials around the world. If you are going to read only one business book this year, it should be Yergin's *The Prize*.

ROY KATZ

Roy Katz is a freelance book critic in New Jersey.

Daniel Yergin participated in the European Community's Visitors Program in 1975.

pation of Kuwait were sharply criticized in the media, one senior German official tried to set the record straight. In a statement, he described the German-American friendship as "one of the success stories of our time . . . which should not be endangered by a dictator in the Gulf."

These words belong to Werner Weidenfeld, Bonn's coordinator for U.S.-German cooperation. They could just as easily be Elizabeth Pond's, whose *After the Wall* contrasts American positiveness with Soviet, European, and even intra-German reservations about German unification.

Completed some weeks before the official unification on October 3, Pond's analysis contains the optimism that characterized much of 1990 until the threat of war in the Gulf unleashed much soul-searching. Even "taking all the dangers that exist" into account, however, Pond is confident that "in this transformation [of Europe], there is ground for optimism—and even awe."

Pond manages in only 96 pages to show an impressive understanding of German affairs, gleaned perhaps from her 10 years as a journalist in Bonn, but certainly also from the extensive research she has conducted on the subject.

Despite its brevity, *After the Wall* is more than an introduction to German-American relations. It is a detailed analysis of the forces at work before and after the "revolution" that assume in the reader a basic knowledge of security cooperation arrangements since World War II. Several references are also made to the E.C., which Pond sees as developing a more political dimension by dint of the economic power it is expected to derive from the 1992 single market and eventual economic and mon-

etary union, and by virtue of its magnetic appeal for its eastern neighbors.

Composed of seven short chapters, *After the Wall* is chock-full of information, put together in a clear and sometimes colorful language. But, at times, the amount of detail devoted to Soviet, European, and German developments—albeit relevant—seems to distract from the original purpose, namely to describe U.S. policy toward Germany.

While getting across U.S. concern that Germany remain in NATO after unification, Pond portrays the American attitude as calmly confident. She attributes this to America's basic trust of Germany's commitment to democracy after 40 years, to the "New Englander" in U.S. President George Bush that allows him to view positively the changes in the Old World, and to a fortuitous "synergy" between Bush,

Baker, Helmut Kohl, and Hans-Dietrich Genscher.

But, according to Pond, luck also played a role in the relatively smooth unfolding of events. She describes America as a "distant, lucky bystander to this historic drama," but one that also knew when to intervene, as it did in the NATO question. Germany was also lucky that the Bush Administration was beginning to look more favorably on the process of economic integration under way in the European Community.

Pond makes an interesting prediction based on a unique interpretation of history: because of terms of the Allied victory in World War II, she says, Germany is not as hung-up on national sovereignty as some E.C. members and can therefore lead the movement to give the E.C. new powers.

—Maeve O'Beirne

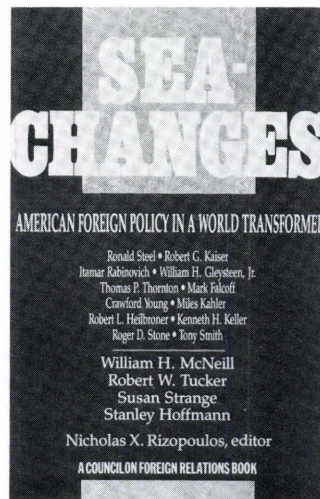
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Sea Changes—American Policy in a World Transformed. Nicholas X. Rizopolous, Editor. Council on Foreign Relations Press, 304 pages. \$14.95

This collection of essays concentrates on the radical shift in the focus of American foreign policy; in that context, the United States' move of a large proportion of its frontline tanks from Germany to face down Saddam Hussein points to the validity and timeliness of *Sea Changes*.

The essays offer a wealth of timely information and ideas from international experts on the effects of the shrinking of the Soviet Union's international role in the post-cold-war world of the 1990s. In the essay "Eastern Europe and the Soviet Union," for example, former *Washington Post* Moscow correspondent Robert Kaiser writes: "If there were a Richter scale for disruptions in modern societies, the tremor we are witnessing [in the Soviet empire] might well set a record for the entire history of nations."

Recent events in the Middle East are not predicted in *Sea Changes*, although it went to press less than a

month before Iraq invaded Kuwait. Nonetheless, from the essay on Eastern Europe and the Soviet Union to the chapter on the Middle East—by Tel Aviv University's Itamar Rabinovich—the reader can gain an understanding of the elements of the post-cold-war world that Saddam Hussein may have misread and led to his "miscalculation" in Kuwait.

Particularly intriguing in this respect is Rabinovich's excerpt of a February 1990 speech by Saddam Hussein, in which he said: "We ... Arabs, on the basis of long-standing friendship with the Soviet Union ... did not expect [it] to capitulate to American pressure in such a fashion that leads to consequences dangerous to the Arabs and their national security."

In both its 12 short essays and four longer "reconsiderations," *Sea Changes* provides a neat package of information and ideas to better help the reader cope with the world that is unfolding in the 1990s. **ROBERT S. BASSMAN**

Robert S. Bassman is a freelance writer in Washington, D.C.

PREVIEW

Europe's April issue will feature:

- An in-depth look at the Soviet Union;
- Progress toward the 1992 single market, and business' opportunities in a borderless Europe;
- Member State Report: Greece;
- Reviews of recently published books on the Soviet Union and 1992; and much more.

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Orders Old and New



THE NEW WORLD ORDER

“New World Order” is a term still waiting to be defined.

In his State of the Union remarks on January 29, 1991, George Bush spoke about “. . . a new world order—where diverse nations are drawn together in common cause, to achieve the universal aspirations of mankind: peace and security, freedom, and the rule of law. Such is a world worthy of our struggle and worthy of our children’s future.”

In the 1600s, Sir Thomas Browne, English physician and author, wrote in *The Garden of Cyrus*: “All things began in order, so shall they end, and so shall they begin again.”

In his work, *An Essay on Man*, the English poet and satirist Alexander Pope said in the 1700s: “Order is Heav’n’s first law.”

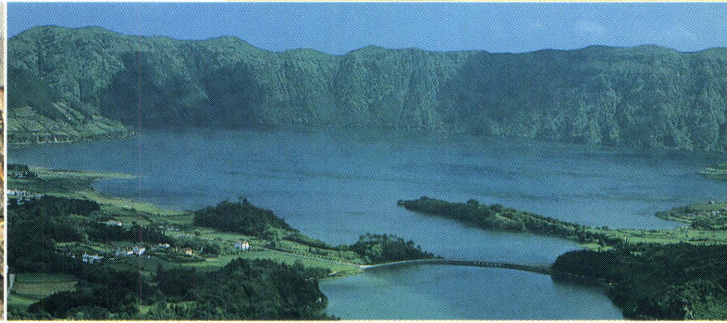
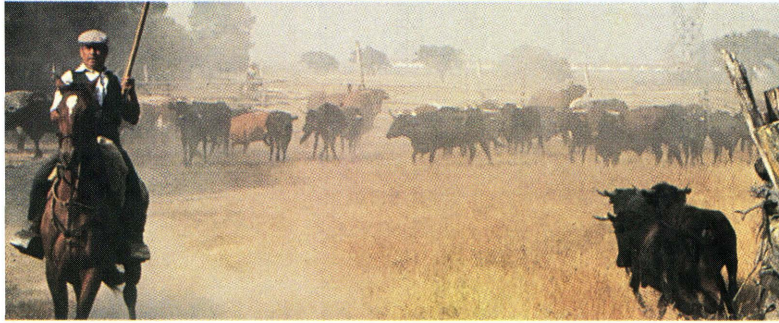
In 1842, in his poem *The Passing of Arthur*, English poet Alfred Lord Tennyson remarked: “The old order changeth, yielding place to new.”

Since the late 1980s, a British punk rock band has been performing under the name “New Order.”

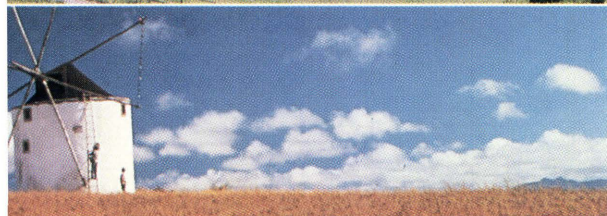
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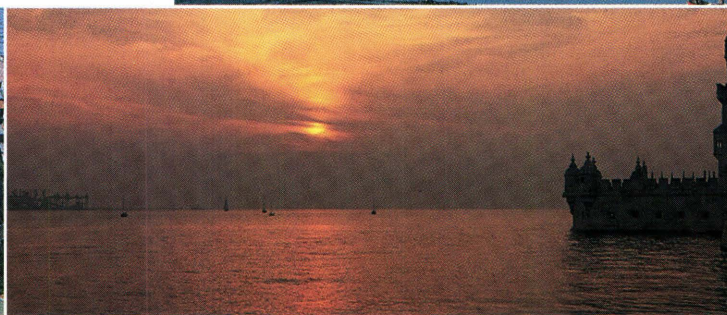
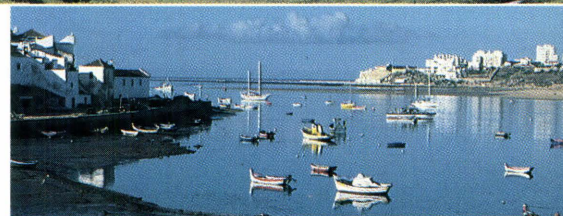
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