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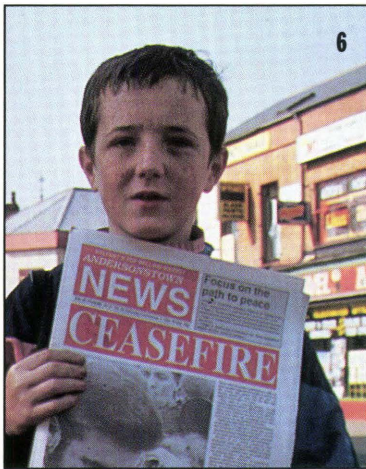
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EUROPE

MAGAZINE OF THE EUROPEAN UNION



6

UNITED KINGDOM

Peace—The UK's Major Bright Spot. John Major's government has endured a sluggish economy, but peace in Northern Ireland might be the year's saving grace. *David Lennon* 6

Tony Blair. Labor's young new leader looks like the real thing. *David Lennon* 10

The UK and the EU. Even as the UK becomes linked by the Channel Tunnel to the rest of Europe, British views on the EU are still less than continental. *Reginald Dale* 12

TELECOMMUNICATIONS

Interview. MCI President and Chief Operating Officer Gerald Taylor discusses the global telecom market. 16

European Telecoms. An in-depth look at the changes in Europe's star sector. *Bruce Barnard* 20

FILM & TELEVISION

Interview. European Commissioner João de Deus Pinheiro discusses US films and television shows in Europe and the EU green paper. 24

Monster Movies in Europe. Locally made films face tough competition from American blockbusters. *Fred Hift* 26

BUSINESS

British Investors in the US. Some analysts see 1994 as a vintage year for British investment in the US. *Alan Osborn* 14

TRAVEL

Discovering the Haunts of England's Writers. How to plan your tour and what not to miss. *Elisabeth Farrell* 29

A Tale of Two Cities. Glasgow and Edinburgh are separated by only 30 miles but the two cities are worlds apart. *Peter Gwin* 32

DEPARTMENTS

3 Editor's Letter

4 Eye on the EU

36 Letter from Oslo

36 Capitals

40 Newsmakers

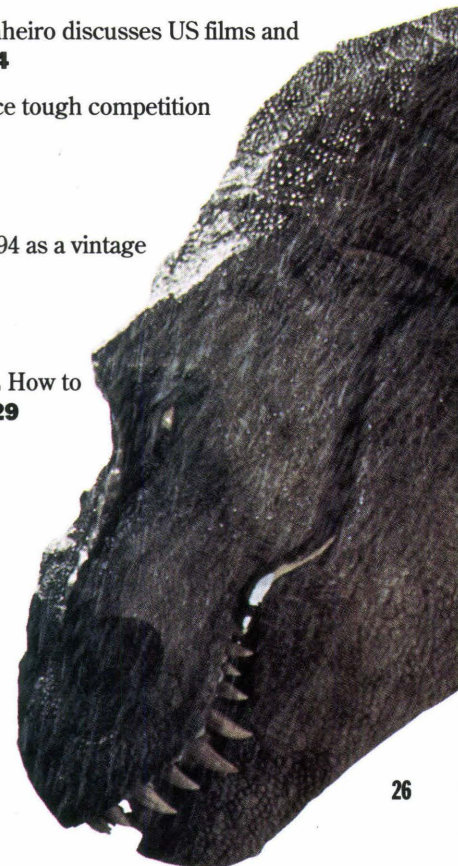
45 Arts & Leisure



36



10



26

Letter from the Editor

Europe and the United States are experiencing a revolution in telecommunications. Deregulation in both the US and Europe in the telecom field plus rapid-fire technological change and new alliances between American and European telecom companies are making the telecommunications sector one of the fastest growing and most competitive areas of business today.

"Telecommunications is Europe's star sector," writes Bruce Barnard in our cover article on Europe's telecom revolution. The figures are staggering. Some analysts predict that by the end of the decade "the European market for telecom services and equipment will be worth over \$200 billion and will boast a bigger stock market capitalization than banks."

EUROPE looks at the important role EU Industry Commissioner Martin Bangemann is playing in opening up the European telecom markets and presents an exclusive interview with MCI President Gerald Taylor, who discusses the British Telecom-MCI alliance and their new joint venture called Concert.

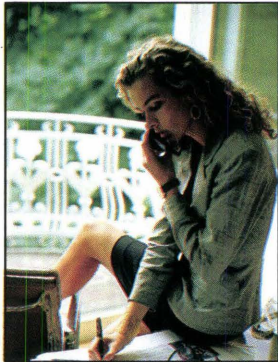
The United Kingdom is the EU country profile this month. Alan Osborn, writing from London, guides our readers through the hopeful signs of peace breaking out in Northern Ireland with the recent cease-fire agreement. The entire world is watching to see if this new develop-

ment will lead to a lasting peace in Northern Ireland. David Lennon, our correspondent in London, profiles the new dynamic leader of the Labor Party, Tony Blair.

Reginald Dale, a columnist for the *International Herald Tribune* and a long time *EUROPE* contributing editor, focuses on the United Kingdom and the EU and finds it "an ironic twist of fate that as the UK joins itself to the continent via the Channel Tunnel, its European policies are becoming ever more insular."

EU Commissioner João de Deus Pinheiro, in charge of audiovisual policy, talks with *EUROPE* about the role of American movies and television shows in Europe. Fred Hift, our film critic, analyzes why US films seem to be so popular in Europe and reviews *Barcelona* in our Arts & Leisure department.

Rounding out this month's issue are articles on British investment in the US; literary tours of England; visits to Glasgow and Edinburgh; and the new interactive computerized Micro Gallery at London's National Gallery.



The Telecom Industry's New Look

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Robert J. Guttman
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EUROPE

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Reuters has contributed to news reports in this issue of *EUROPE*.

EYE ON THE EU

With the nomination of Jacques Santer as the next president of the Commission, Jacques Delors enters into his final phase at the helm of the European Union. Views differ over his objectives, but few would deny that he is a man of the most formidable qualities. Other presidents, including Jacques Santer, may well have attributes that Delors lacks, but few of them are likely to be able to achieve the dominating influence that he has had during

his 10 years in Brussels.

As he prepares to pack his bags, an assessment of his achievement is made easier by the appearance of a masterly biography by the former Brussels correspondent of *The Economist*, Charles Grant. An American edition has not yet appeared, but *Delors: The House that Jacques Built* was published in the United Kingdom in June (Nicholas Brealey Pub-



Jacques Delors

lishing at \$21).

It is the first biography of Delors to appear in English and is vastly superior to the three earlier volumes published in France. It not only provides a rare insight into Delors' complex personality and working methods but acts as a

pretty good history of the EC over the past 10 years.

Jacques Delors is a Catholic with a Protestant work ethic. It is this which

largely explains his success in galvanizing the European Community in the late 1980s and molding it into a far more effective force than it had ever been before. It also partly accounts for his current disillusionment as he begins his final months at the Commission with the conviction that the high hopes of pre-Maastricht days will not materialize, at least within the next few years.

For this disappointment Delors blames the recession, the West's failure in Yugoslavia, and the backlash triggered by the first Danish referendum. Behind this perhaps lurks the unspoken re-



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proach that the leaders of the EU's member states seemed incapable of matching the high standards which Delors set himself. Most notably Delors will be remembered for his restless search for a consensus which would enable all sections of society to feel that they had a tangible stake in the common adventure of building the European Union.

Grant, has done his homework well, interviewing close associates of Delors from his school days onward, and a wide range of officials and politicians with whom he has had dealings, not excluding critics such as British Foreign Secretary Douglas Hurd. He also had several long sessions with Delors, himself.

Although Grant is clearly a great admirer, he does not mince his words in describing the sometimes shrewd way in

which Delors, and his former chef de cabinet, Pascal Lamy, ensured that the president got his way within the Commission on every detail. Delors emerges as the workaholic to best all workaholics. To work in his cabinet must be sheer

reveals the remarkable way in which Delors' previous French career foreshadowed his achievements in the EU. A striking example is the design for a French "social contract," which Delors drew up for Gaullist Prime Minister

... ..

Not the least of the many virtues of Charles Grant's biography is that it reveals the remarkable way in which Delors' previous French career foreshadowed his achievements in the EU.

... ..

exhaustion, though there has never been any shortage of able volunteers.

Before he came to Brussels, in 1985, Delors was virtually unknown outside France. Not the least of the many virtues of Charles Grant's biography is that it

Jacques Chaban-Delmas, in 1969. That program reads like a dummy run for the Social Charter, which so infuriated British Prime Ministers Thatcher and Major.

Grant's portrait presents a man with tremendous drive and application, sure of him-

self in a way peculiar to the self-taught who have outstripped rivals expensively educated at universities and *grandes écoles*. A man imbued with lofty sentiments, but capable of ruthlessness in pursuing his objectives.

Ironically, the Gaullist official most receptive to the ideas that Delors produced for Chaban-Delmas was the young Edouard Balladur. There is now a growing probability that these two will be the rival candidates of the left and the right in next year's French presidential election. If Delors does in fact run and is elected, the EU will have an influential friend at the head of one of its most powerful member states for the next seven years. Delors' service to Europe may be far from over when he leaves Brussels in January.

—Dick Leonard



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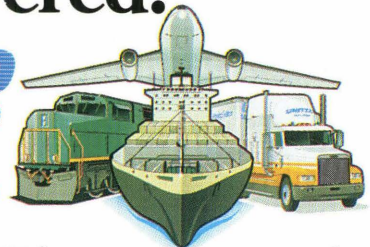


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PEACE

The
UK's
Major
Bright
Spot

The only thing not dull in the United Kingdom this year was the weather. A long summer of blazing sunshine, blue skies, and Mediterranean temperatures helped people forget the grayness of politics and the economy and even the poor performances of their national football and cricket teams.

The summer also brought a ray of sunshine into politics with the July election of a young, fresh leader of the opposition Labor Party, Tony Blair, promising hope and renewal.

However, it also witnessed the first major public sector strike in years when the railway services throughout the country were disrupted week after week by signalmen demanding pay raises well above the inflation rate.

Neither of these events were good news for Prime Minister John Major, who struggled throughout the year with the recalcitrant anti-Europeans in his own Conservative Party, an economy slow to reach the promised take-off, and an image problem which saw his popularity sink to unprecedented lows.

The Tories lost heavily in local elections in May and did even worse in the June elections to the European Parliament. A cabinet reshuffle in the summer turned out to be a very limp affair with no significant changes.

One really bright spot was in Northern Ireland, where the IRA announced a cease-fire in response to promises from London and Dublin to involve republicans in peace talks. This enraged the Protestant majority of the province who, fearful for their future, issued bloodcurdling threats of vengeance. But the prospect of ending the 25-year terrorist campaign was welcomed by the vast majority in the UK and if it sticks will provide a boost for the government's flagging fortunes.

As the Conservative politicians returned to the House of Commons after the long summer recess, one of the questions uppermost in their minds was how to improve the party's image and fight off the challenge posed by the reinvigorated Labor Party.

Even though the next general election does not have to be called for two years, few members of the ruling party could avoid the threatening message from the opinion polls. Labor is polling consistently above 50 percent, while the Conservatives have seen their popularity slump to below 25 percent. They are looking over an electoral precipice.

By the time the Conservatives hold their annual party conference in early November the bulk of the party may have decided that it is time to replace John Major.

No shortage of candidates exists. The most obvious include the electorally appealing Trade Secretary Michael Heseltine and the affable Chancellor of the Exchequer Kenneth Clarke.

Or the challenge might come from the rising star of the right wing party, Michael Portillo, currently chief secretary to the Treasury.

Until recently he was regarded by many as probably too young and inexperienced for the leadership. However, the rise of the even younger and less experienced Tony Blair across the opposition floor may outweigh those reservations. Fighting youth with youth could be the new Tory tactic.

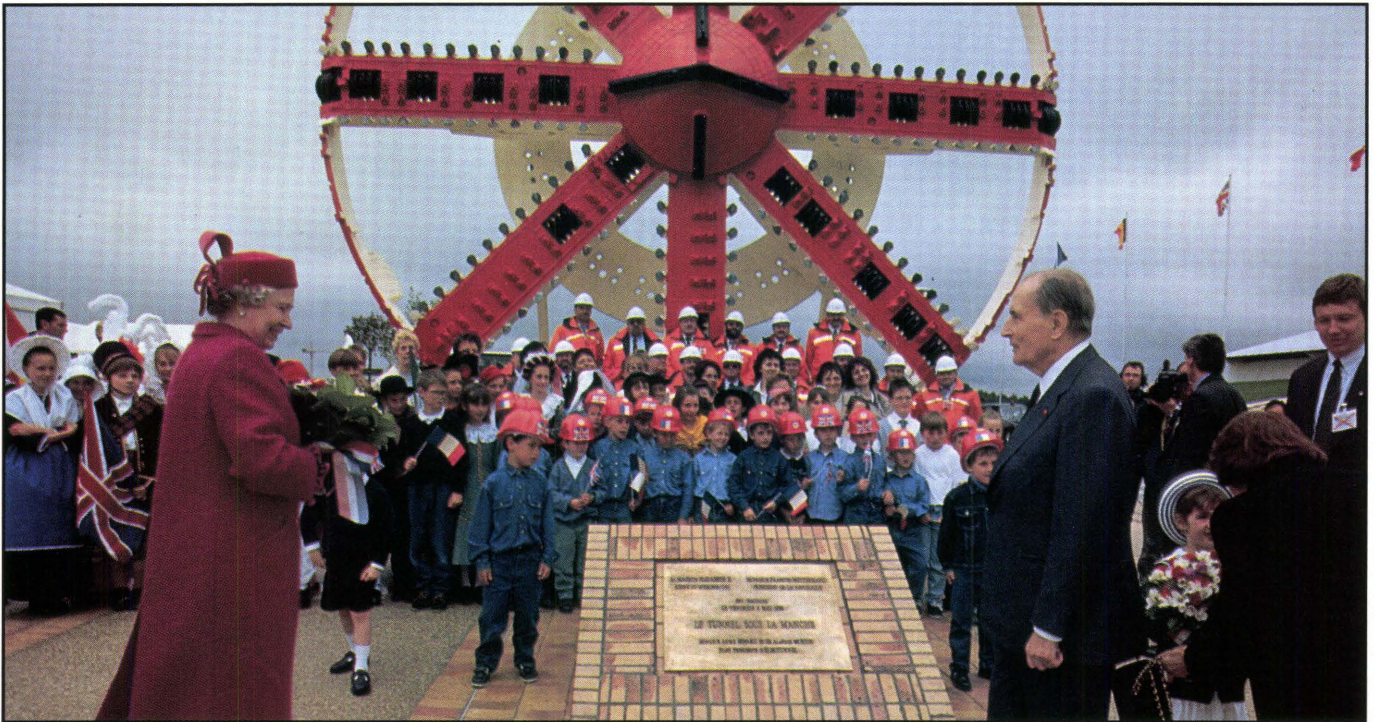
If the party opts to keep Major as leader, then it will have to pin its hopes of extending its remarkable run of electoral success on a sharp upturn in the economy. The moderate recovery in the economy during this year has been sluggish and is still barely perceptible to the average citizen concerned about job security and the declining standards in public services, especially health care and education.

Unemployment remains high, but the trend

By David Lennon



The brightest news for the Major government this summer came with the IRA's announced cease-fire and the prospect of ending 25 years of violence between radical wings of Catholics and Protestants.



Queen Elizabeth and French President François Mitterrand officially inaugurated the Channel Tunnel in May.

appears to be downward, at only 9.7 percent by mid-year compared to 10.5 percent in January 1993. Even this slight reduction is psychologically significant as it lessens the fear of unemployment and encourages spending.

This change is also having some impact on inflation which while still very low, standing at 2.3 percent early this year, is now showing signs of rising and talk of 4 percent in 1995 is no longer regarded as exaggerated.

Interest rates play a key role here, and it is clear that despite the friendly banter exchanged in public between Chancellor Clarke and Bank of England Governor Eddie George, they disagree quite strongly about what needs to be done.

Clarke and the Treasury wanted to cut the interest rate to maintain business confidence, stimulate recovery, and encourage growth. But George and the Bank said that there was a high risk this would fuel inflation. Early in the year they compromised on an insignificant quarter percent cut in the base rate, but by mid-September the government was forced to reverse this by allowing interest rates to go up by a half a percent.

Sterling held steady against the dollar this year, but faded against almost all other EU currencies. Analysts explain that this is partly because traders see it as linked closer to the US currency than other European currencies since its exit from the ERM two years ago.

Irritatingly for the government, none of the sterling's movements appears to have affected the trade deficit to any significant extent. A revival in the EU economies, which take more than half the UK exports, could see an improvement in exports next year. But any improvement is likely to be offset

by a parallel growth in imports, particularly of capital goods if the expected growth in domestic investment in the economy materializes.

One of the most extraordinary microeconomic events of the past year was the price war between the serious newspapers. While the scandal and sensation seeking tabloids battle for readership by publishing ever more revealing stories about the marital misfortunes of the royal family, the broadsheets traditionally competed for readers by offering a better product. Not anymore.

The Times halved its cover price in search of more readers. The arch-Tory *Telegraph* felt it had to follow suit. As soon as it dropped its price to 30 pence, *The Times* responded by cutting its price again, to 20 pence.

The most likely loser will be that darling of the 1980s, *The Independent*, which has been slowly losing readers over the past year. Despite belatedly joining the price war, it will probably be the first victim of the war between *The Times* and *Telegraph*.

But all of these current issues, be they major or minor, will fade into the background this year when the Channel Tunnel finally begins carrying passengers to and from the UK and continental Europe.

A year or more behind schedule it may be, over budget certainly, but when all the political squabbles and economic crises of today are long forgotten, 1994 will be remembered in history for the opening of a new link forging European unity.

Long live the Channel Tunnel/*Vivre le Chunnel*. ☺

1994 will be remembered in history for the opening of a new link forging European unity.

David Lennon is EUROPE's London correspondent and the syndication managing editor for the Financial Times.



FINANCING EUROPEAN INTEGRATION

Europe – a continent on the move

⚡ Europe continues to move towards economic, social and political integration. The European Union will shortly be welcoming new members, and is co-operating closely with the new democracies in Central and Eastern Europe.

⚡ The European Investment Bank, the European Union's long-term lending institution, raises its resources on capital markets to finance investment projects that promote European integration.

⚡ Establishing an integrated European market requires capital investment for balanced development between regions and countries, efficient trans-European networks in transport and telecommunications, protection of the environment, secure energy supplies and industrial competitiveness.

⚡ The EIB helps implement the European Union's external co-operation policy by financing projects within the framework of agreements and conventions that non-member countries have with the European Union.

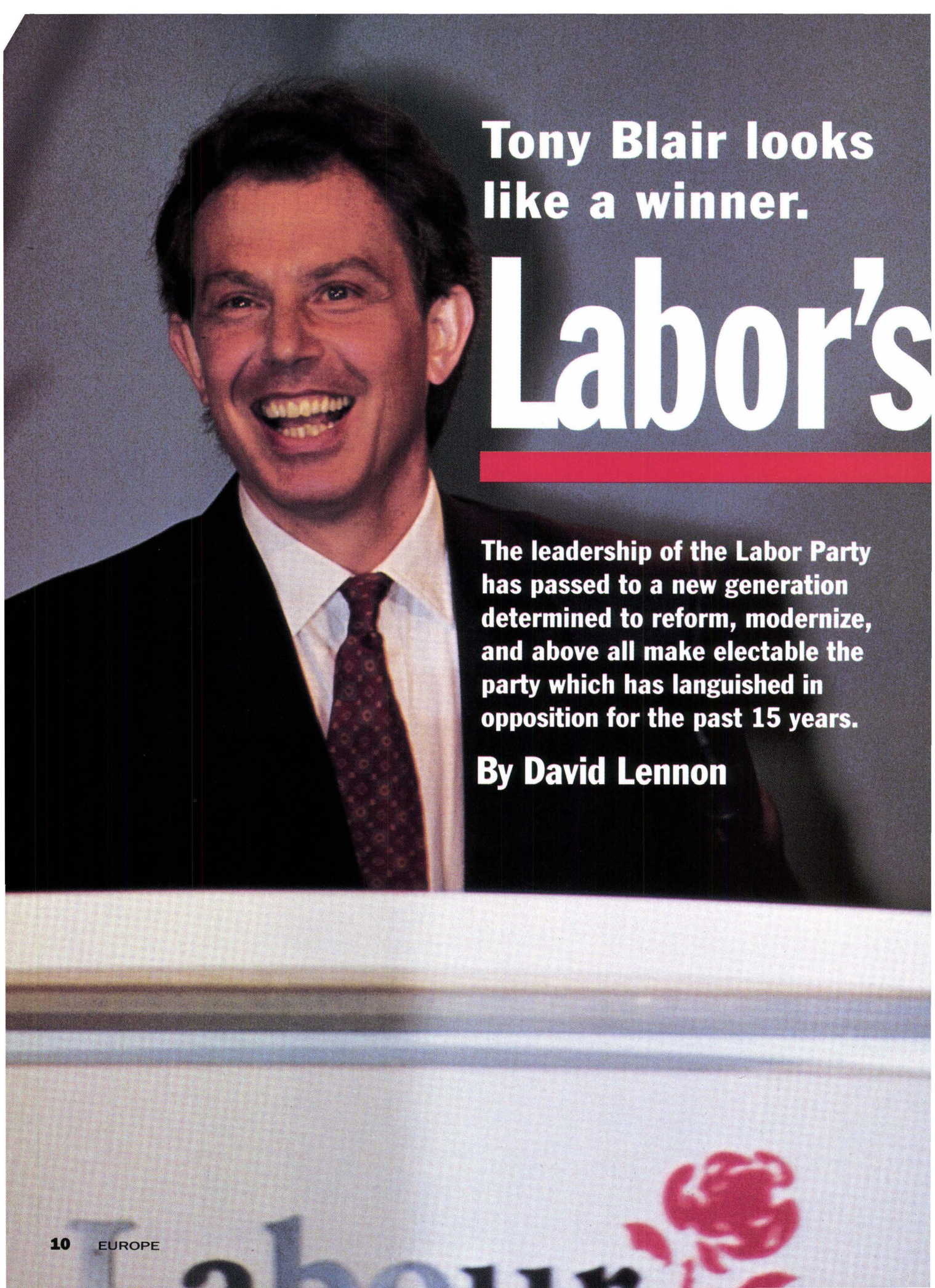
⚡ Over the past five years, the EIB made loans totalling ECU 78 billion (1), making it the largest of the international financing institutions.

(1) On 7 September 1994, 1 ECU = US\$ 1.23

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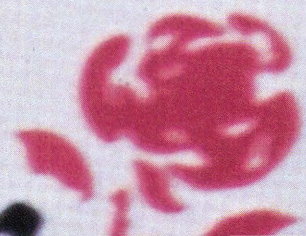


**Tony Blair looks
like a winner.**

Labor's

The leadership of the Labor Party has passed to a new generation determined to reform, modernize, and above all make electable the party which has languished in opposition for the past 15 years.

By David Lennon



"A mission of national renewal" was promised by Tony Blair when he was elected as the new leader of the Labor Party during the summer, following the sudden death of John Smith. Although general elections are still two years

success—good luck.

He has so much easy charm and natural openness that his friends have long referred to him by the nickname "Bambi," after the sweet and lovable Disney cartoon character.

"I want a country with pride in itself because it has pride in its people. A country that knows it is not just a group of individuals and families struggling on their own, but a society united and confident. The power of all used for the

good of each. That is what socialism means to me," explains Blair.

The Conservatives accuse Labor of favoring high taxes and state control. This is how they have successfully fought off the Labor challenges at elections for the past 15 years. If they continue to attack Labor

on these grounds under its new leadership, then they are in for a shock.

Blair is not afraid of the market economy. He has no intention of making the mistake of his predecessor in announcing an intention to impose higher taxes, and he certainly will not suggest that major industries privatized by Thatcher should be re-nationalized.

Above all, he has already stolen a Conservative theme about violence in society by coining one of his most memorable phrases "tough on crime, tough on the causes of crime."

On Europe, Blair describes himself as a pro-European, but as has yet had little of substance to say about the European Union. Labor should be "the thinking pro-European party," he says, adding platitudes such as "We need to be a major player in Europe in partnership with other countries." He backs a single currency, but then adds that "it cannot be forced in defiance of economic facts."

The kindest thing which can be said about the new Labor Party leader's position on Europe is that one suspects he is still working on it.

What he is also working on is bringing his party in from the political wilderness, and the Conservatives know that this is the biggest threat they have had to face for more than a decade and a half. ☺

New Leader

away, the blood in the veins of the United Kingdom's tired politics is already beginning to course more rapidly.

At 41, Tony Blair, an affluent lawyer, has effectively leap-frogged the failed generation of leadership and brought the promise of a new beginning. This change is badly needed in a Labor Party, which was rift by left-wing extremism in the early 1980s and deprived of its ideological roots in the early 1990s by the collapse of communism in the Soviet Union.

The old Labor Party dominated by trade unions and steeped in socialist history was searching desperately for a new coherence when along came Tony Blair, a man whose reformist ideology has been described by one paper here as being equivalent to the new Democrats in the US.

Like President Clinton, echoes of whose primary campaign could be heard in the leadership battle, Blair wants to reposition his party in the center of the political spectrum. By taking on the ruling Conservatives in the center ground, he may finally make his party electable.

Anthony Charles Lynton Blair has everything a reasonable man could want—intelligence, a happy family life, and youthful good looks. In addition, he enjoys worldly and now political success. Above all Tony Blair has that one indispensable ingredient for

All this has brought him seemingly effortlessly to the peak of political power and has already led to attacks from the ruling conservatives, who have labeled him a glib, inexperienced lightweight, "Tony Bland," "Mr. Sound Bite," and accuse him of being all style and no substance.

One of Labor's advisors, however, cautions against underrating the cunning behind his relaxed tone. What he has done in a time of deep public misgivings about politicians is "to perfect the art of not sounding like a politician."

Blair is a Christian Socialist. His personal and political beliefs center around a mixture of ethical socialism and a belief that people should realize their individuality through the mutual links of the community. He is for replacing the perceived "me-ism" of the Reagan and Thatcher philosophies with "us-ism."

His ideas are heavily influenced by Amitai Etzioni, the American-Israeli academic whose communitarian movement has influenced so many of the people around Bill Clinton. The communitarian belief that we are so focused on individual rights that we have lost sight of our obligations toward each other emanates from Blair's speeches, and he shares the belief that we can restore community only through a revival of mutual responsibility.

It is an ironic twist of fate that as the United Kingdom finally joins itself to the continent via the Channel Tunnel, its European policies are becoming ever more insular.

It has not been a good year in Europe for the UK. Largely as a result of domestic political pressure, Prime Minister John Major's Conservative government has often stood alone against its partners on a series of issues—and then failed to achieve the impact it had hoped.

The prime minister's actions on the Brussels stage seem to contradict his famous pledge to keep the UK "at the heart of Europe." Instead, he has felt obliged to effectively consign the nation to the continent's outer fringes.

Last March saw Mr. Major retreat over voting rights in a future, enlarged European Union, after an embarrassing showdown with the other 11 member states.

At the EU's Corfu summit in June, Mr. Major applied a lone veto against Belgian Prime Minister Jean-Luc Dehaene as the next president of the Commission—only to accept Luxembourg Prime Minister Jacques Santer, who says his views on Europe are the same as Mr. Dehaene's, a few days later.

Put in the best light, Mr. Major could claim he had served notice to France and Germany, who had championed Mr. Dehaene, that they cannot dictate such important choices to their partners. But others point out that his stand reflected short-term, domestic politics rather than a coherent long-term view of the future structure of Europe.

The United Kingdom's contribution to the EU in the past two years have included an uninspired British EU presidency; the pound's exit from the European Exchange Rate Mechanism (ERM); British lectures against the continentals' attempts at monetary union; and constant bad blood over the UK's opt-out from the EU's social policy.

The principal European ideas that are not attacked from London are those that the UK hopes will further hinder the cause of closer integration—notably the admission of new member states in Northern, Central, and Eastern Europe.

Not only have British policies and actions hindered much of what little influence the country had left in Brussels, they are helping to ensure that the future of European integration most likely will proceed without full British participation—invalidating Mr. Major's claims to have preserved the British "veto."

It is already nearly three years since Mr. Major opted out of some of the most important elements of the Maastricht

Treaty—the social policy and the plans for a common currency. Now his policies are encouraging the formation of a hard core, led by Germany and France, which will want to press for closer union without waiting for the United Kingdom.

The hard core concept received a further boost in September, when it was officially endorsed by Chancellor Helmut Kohl's Christian Democratic Party in Bonn. A similar line was taken by French Prime Minister Edouard Balladur, who repeated the call for a Europe of three concentric circles around a Franco-German nucleus.

Mr. Major has appeared to advocate a similar idea by calling for a "multi-track, multi-speed" Europe. His idea seems to be that not all countries need participate in all EU activities, e.g. the UK would be a leading member of efforts to harmonize defense and foreign policies but not monetary or social policies.

But the two approaches are in fact very different. Mr. Major is still largely thinking in terms of cooperation between governments. The Franco-German hard core, on the other hand, would be tightly economically and politically integrated, and, unlike the UK, none of its members would opt out of any area of common policy.

Mr. Major and his "Euroskeptic" Conservatives seem to be repeating an old British historical error, first perpetrated in the 1950s when the six original member states started the drive to European integration. They seem to be underestimating the continental countries' determination to press ahead.

It is true that many Europeans are disillusioned with the European Union as it now looks and nervous about further steps toward central control. That was amply demonstrated in the referendums in Denmark and France on the Maastricht

Treaty—less so in the Irish referendum—and in the elections for the European Parliament this June.

The UK claims that this shows its policies have finally been fully vindicated—that European public opinion now shares its aim of a loosely-linked Europe with weak central institutions, and that the dreaded European "super state" is dead.

That is wishful thinking. Europe's mood has frequently swung from Euro-optimism to Euro-pessimism, and it will swing back again in a more hopeful direction as economic recovery proceeds. With unemployment staying distressingly high, there will be no Europhoria.

But the continental countries are not going to abandon their plan for economic and monetary union just because the

THE UK & THE EU



By Reginald Dale

UK does not like it. And in the next two years they are going to push ahead with strengthening the institutions to deal with a larger union.

The United Kingdom's hope has long been that expanding the Union into Northern, Central, and Eastern Europe would forever do away with the chances of it becoming a United States of Europe.

And it's true that a Union of over 20 members could well prove impossibly unwieldy without institutional reform. But enlargement is also likely to have two consequences that will not be so pleasing to the UK.

First, as the dispute over voting rights shows, a bigger Union will diminish the influence of individual governments, diluting the national sovereignty that the UK has fought so hard to maintain.

Second, the larger number of members will make it even more likely that the Franco-German hard core will press ahead on its own, rather than be held back by the slowest participant.

That has in fact been the pattern

as a relatively "good European." But so did his predecessor John Smith, when he first came into office. Mr. Smith then fell victim to Labor Party internal politics—and the temptation to embarrass the Conservatives over Maastricht—and abandoned his pro-European principles.

Paddy Ashdown, the leader of the Liberal Democrats, is genuinely pro-European. But he is unlikely ever to make his way to 10 Downing Street. And even he was forced to trim his sails in the campaign for the European Parliament elections.

Little doubt exists that the majority of British public opinion does not want what Mr. Major denounces as a "centralized" Europe. But most Britons do want it to be easy to trade with the rest of Europe, and they favor practical forms of cooperation like the single market.

One day that pragmatism may enable them to see the advantages of a common currency, not least because if the others went ahead without the UK the future of the City of

Little doubt exists that the majority of British

public opinion does not want what Mr. Major

since the 1950s. Mr. Major's multi-speed Europe has always existed. In the early years, the laggards gathered around the UK in the European Free Trade Association.

Now the Union is divided between mem-

denounces as a "centralized" Europe. But most

Britons do want it to be easy to trade with

pro-European than the general public.

the rest of Europe, and they favor practical

For the moment, the government shows signs of trying to mend fences with its partners. This summer, Foreign Secretary

forms of cooperation like the single market.

bers and non-members of the European Exchange Rate Mechanism and members and non-members of the Shengen Agreements to abolish internal frontier controls. The Maastricht Treaty itself provides for some countries to move ahead faster than others toward economic and monetary union.

And there is little sign that the UK's traditional aloofness from the continent is diminishing—most Britons probably would not even want to be in any hard core. Although British trade has shifted massively toward its European Union partners, the country still seems suspicious of the continent.

The same opinion poll that showed high continental distrust of the UK revealed even greater British distrust of France, and lesser but still considerable distrust of Germany. It is still only too easy for populist politicians to whip up British fears of rule by foreigners from Brussels.

Apart from Edward Heath in the early 1970s, the United Kingdom has never had a prime minister wholeheartedly committed to the European idea.

Mr. Major came to office with a reputation of being at least more pro-European than his predecessor Mrs. Thatcher. But the small majority he now commands in the House of Commons have made it easy for the Tory Euroskeptics to bend him to their views.

Tony Blair, the Labor Party's new leader, has a reputation

Douglas Hurd started stressing that the UK could be a positive partner, calling for stronger EU cooperation on foreign and security policy.

But that is dangerous territory. If taken seriously, it soon leads to obvious losses of national sovereignty. It is no coincidence that there are no British troops assigned to the multinational Eurocorps led by France and Germany.

And the UK will not be able to get away with fudging the issue. Germany is becoming less bashful at exercising European leadership, and it wants to lead the Union in a more integrationist direction. France will have misgivings, particularly in the likely event that it acquires a conservative president next year, but it will go along with much of the German agenda.

And President Bill Clinton has shown that the transatlantic option is no longer available. He has made it clear that he would much prefer to see the United Kingdom play a full role in a unifying Europe. The irony is that everyone wants the UK to play a stronger role in Europe—except the UK itself. ☹

Reginald Dale is a contributing editor for EUROPE and a columnist for the International Herald Tribune.

Don't listen to the politicians, hear what British industrialists and investors have to say: The UK's special *financial* relationship with America is not only healthy but set to grow still stronger over the next four years.

The chill that appears to have grown between President Clinton and Prime Minister John Major is not matched in the City of London (the UK financial center) where both direct and indirect investors are sounding off almost lyrically about the US economy and its long-term possibilities.

Some analysts are already talking of 1994 as a vintage year for the flow of British money across the Atlantic. Already in the first six months, an estimated \$3 billion dollars has been spent by UK companies in acquiring assets in the US against a total investment at the end of 1993 of \$104.5 billion.

Most striking, perhaps, has been the proposed acquisition of American Tobacco this year by the giant BAT Industries group for about \$1 billion. Significant moves have also been made by National Westminster Bank, which bought the Central Jersey Bancorp for \$286.9 million, and by the UK's Compass Group, which is taking over the Canteen Corporation in America for \$450 million.

This is money talking in a very direct way, but it does so against a background of constant resentment in the UK at what is perceived to be an ungracious response by some American states. Rightly or wrongly, British investors feel they are being beaten with a stick that was meant for others, and the unspoken accusation is that the Japanese are the real culprits.

A familiar charge in the US is that some foreign companies try to evade local and state taxation by manipulating their worldwide expenses so they fall heavily on the American profits. This lies behind the introduction by California and others of a unitary tax system where tax legislation cannot be country-specific. As a result, the burden falls on all, regardless of guilt.

A long-running case brought against California by London's Barclays Bank ended in failure at the hands of the US Supreme Court this summer to the dismay of the British government. California has moved to reform its system, but the UK employers group, the Confederation of British Industry (CBI), has nevertheless insisted that the UK government "should retain its retaliatory powers in reserve."

But taxation is only one element in the debate over foreign direct investment in the US. Some states charge foreign corporations with employment distortion, improper access to American technology, and speculative, unproductive property development.

The CBI responded this summer with a special briefing note to counter "erroneous arguments that have been advanced about the nature of foreign investment in the US." The United Kingdom, it noted, was the largest and most important foreign investor in the US, accounting for 23 percent

A Sterling Opportunity

By Alan Osborn

of the total and dwarfing the investment from any other country. UK companies employed over 1 million people in the US and in 1991 paid \$3.156 billion in taxes—as much as was paid by the next three largest foreign investors, Canada, Germany, and Japan.

Well-known American names that are owned by the British include Holiday Inn, Pillsbury, Hilton International, Dr. Pepper, Farmers Group Inc., Burger King, Chesebrough Ponds, and Brown and Williamson.

Pointedly, the CBI paper goes on to distinguish between the UK emphasis on manufacturing investment in the US and its more peripheral involvement in real estate. It concludes with some delicately chosen words: "This (UK) profile is unlike that of the Japanese where the amount of real estate investment is not too far different from investment in manufacturing. The UK focus on productive, wealth-generating, and job-creating investment is particularly apparent."

You would not be thanked for saying so in London, but for all the irritation caused by the unitary tax system and other nuisances, they do not rank that high when investment decisions come to be made. Fundamental economic, market, and industrial factors are powering the latest drive by UK corporations to expand in the US.

Why a sudden rush of investor affection for America? Most London analysts are agreed that a basic reason is that while Europe's economic recovery is still tentative, the US is firmly locked into relatively robust growth. Mr. Maneksh Dattani, international corporate finance director at the accounting firm Arthur Andersen, suggests that conditions are now ripe for European companies to speed moves toward globalization by buying mature companies in the US.

The opportunities to do so are moreover being widened as a number of larger American companies seek to reestablish their basic identities by ridding themselves of subsidiaries that are not central to this identity. Kodak is a conspicuous example, but IBM and many others are moving in the same direction.

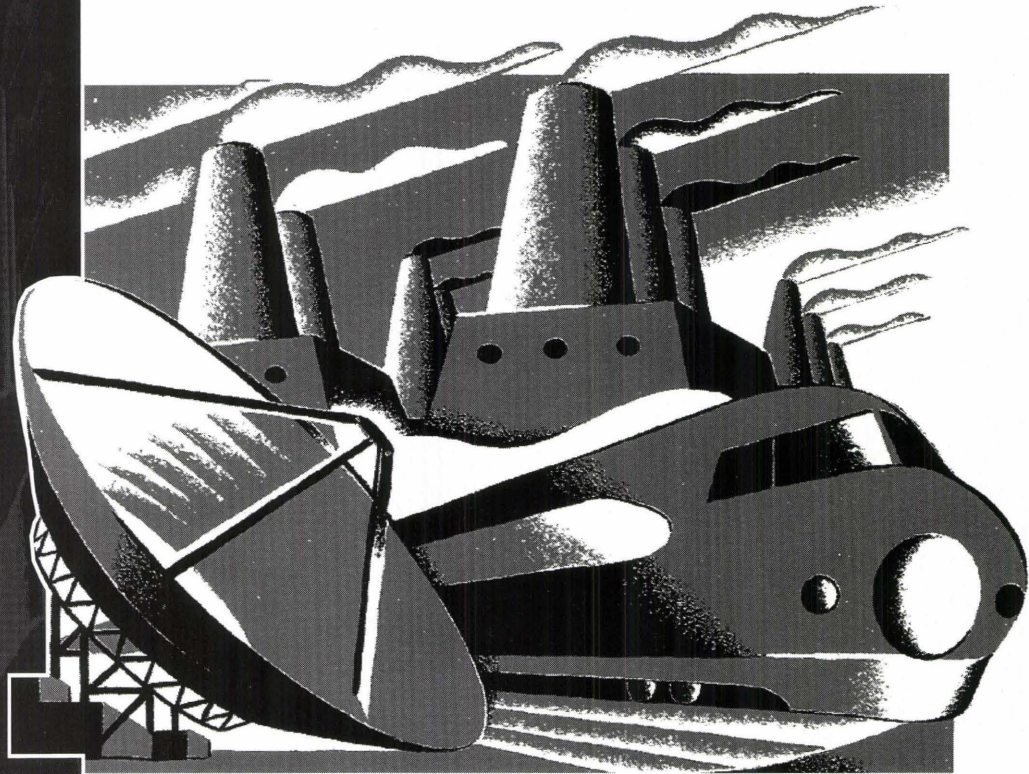
Mr. Dattani also cites reforms being introduced by the Clinton administration that could have profound influence in specific industries. Changes in American health care, for instance, will affect the US pharmaceuticals industry and in turn the global market.

The surge in direct investment is the highly visible measure of London and Europe's newly-fired infatuation with the US economy, but indirectly British investors are rediscovering the charms of Wall Street and much for the same reason. A recent London broker's letter recommending US stocks concludes that "in nearly all the industries and possible products that seem likely to dominate the early part of the 21st century, America has a clear lead over everybody else." ☐

Alan Osborn is a journalist based in London.

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 A portrait of Gerald Taylor, President and Chief Operating Officer of MCI Communications Corporation. He is a middle-aged man with glasses, wearing a dark suit, white shirt, and a patterned tie. He is smiling slightly and looking towards the camera. The background is dark with some geometric patterns.

MCI President

Gerald Taylor

Gerald Taylor, President and Chief Operating Officer of MCI Communications Corporation, spoke with EUROPE Editor-in-Chief Robert J. Guttman about the MCI-British Telecom alliance, CONCERT, the telecom revolution, and telecom deregulation in Europe and the US.

You have stated "it's no stretch to say that a revolution is underway in the telecommunications business." Could you explain what the revolution is, how it's taking place, and how it will affect average citizens in the United States and Europe?

The revolution is really taking a couple of different dimensions. One is technology and the convergence of computer telephony and the integration of computer technology into networks today. They're as much now a computer as they are a transmission device. You have both the costs of technology coming down and the capabilities increasing. You are doing things more efficiently and more cost-effectively. New technology allows you to do a lot more things, such as interactive multi-media.

The second kind of revolution that's happening is that, amazingly as it may seem, is that telecommunications is really an immature market today. Fifty percent of the world's population is two hours away from a phone. The number of phones per 100 people varies greatly across the world from the US, which has the highest penetration, to China which has something like one phone for every 250 people. What's happening in China is nothing short of spectacular, because they are installing 10 million phone lines a year now. Fifty percent of all international calls now out of North America are data calls. An awful lot of fax, because of the time zone changes, and also because of the fact that written documentation removes the vagaries when you have language barriers to contend with. So you've got technology driving it, you've got the immature market that is growing by leaps and bounds. In many of these countries, they don't have the older, antiquated infrastructures to deal with; they're leapfrogging technology because they can install the latest state-of-the-art, and

as one of the governors of one of the provinces in China said to us "We will first build telecommunications infrastructure and then bridges and roads." If you'd look at the usage of communications in these countries, it's just really staggering how quickly it's grown. And not necessarily in voice. Facsimile and data communications is really growing there.

The third reason is that telecommunications and information technologies are being adopted as strategic to companies' businesses. Whereas in the past it may have been off in a separate domain of a company's management hierarchy, today it's in the boardroom because every business today depends upon telecommunications, strategically, whether you're a bank with ATM machines, airlines with a reservation system, or a small company that is selling products and services. You're moving beyond the boundaries of what those relationships were in the past as customers and suppliers tend to share things and allow the rummaging around through each of their computer systems for information. Much more strategic, much more tied together in partnerships on services. Those three things are really propelling growth. While it's almost double-digit growth in the US, the growth of international communications is probably double that. So, the term "revolution" is not too strong.

The European Union and the US governments have cleared your alliance with British Telecom? Could you briefly explain why you chose BT as a partner? What do they provide in Europe and around the world?

Let me say this about partnerships in general. Somebody once said that the one characteristic of partnerships that worked was that both companies depended upon them working, and we found BT to be the most far along in terms of deregulation. North America has one-third of all the communications in the world. Of the multinational corporations in the world, something like 46 percent are in North America. So if you are a foreign telecommunications giant seeing competition come to your shores, you not only have to have a defensive position in the marketplace, you've got to have an offensive one. So

it is critically important for BT to be in the North American market, and it was critically important for MCI to be in Europe and the Far East. BT is much further along with its competitive positioning and a company with ties worldwide that just made a nice match for MCI.

You said 46 percent of multinationals are in the US. What about Europe? Is there a large percentage in the UK?

I think about 13 percent are in the UK. Between the US and UK we end up with something like 55 percent of the world's multinational companies.

Now, BT is going to own 20 percent of MCI. Does MCI own anything with BT?

We have a joint partnership with CONCERT, in which we are an equity owner, and we own 25 percent. And that entity really is the supplier services and cross-border transporter of products and services for the two parent companies.

Could you briefly explain CONCERT. What is it going to be?

CONCERT was established to make sure that what was done in the US was the same that was done in London, Paris, and Tokyo. That from the customer's standpoint they would get the same look and feel from products and services and for customer service. It really has the worldwide network and products and services that its parent companies sell to its customers. CONCERT is not the sales force, but you can look at it as the factory for products and services and the network manager. And it also sets up standards for customer service with delivery of services, so that you've got your framework globally and the platform for the two parents to sell services.

The headquarters of CONCERT will be in Reston, Virginia. There's a lot of activity in Europe. There are five customer service centers, one in London, one in Paris, one in Sydney, one in Tokyo, and one in Raleigh-Durham, North Carolina.

And the ones in Europe, will they be staffed by BT people or MCI?

They'll be staffed by BT people, al-

though the common systems are tied together so that the one in Paris will look the same as the one in Raleigh except for the language differences.

How was the name "CONCERT" chosen? What does it signify?

Harmony in communications.

What do you think about deregulation of telecom companies in Europe? Are you worried that with the deregulation it may make some of these people who are public now, when they become privatized, more competitive? Will it be a more competitive telecom market?

We hope it moves along quicker than some of the time schedules that we're seeing. It's good for customers. It's good for suppliers. And ultimately it's good for the nations that deregulate. We'd like to see the pace of that quicken.

You talk about alliances. Your future wireless communications network didn't work out with Nextel. What happened with that and are you looking for other partners?

MCI is committed to wireless strategy. It is important to understand what that strategy is and what it isn't. Our strategy is to have wireless capabilities, to provide wireless products and services to our customers. We do not view technologies as business. We do not think that PCS is a business or that cellular is a business. We think that these are products that customers buy and they don't buy them just by themselves. We obviously need that capability, and we need arrangements there to be able to deliver that underlying service to our customers. But what form that will take ranges from taking an equity position in a company like Nextel NS to a partner arrangement with the RBOCs. As you know, with the acquisition of McCaw by AT&T, one of the capabilities they are going to have is to bundle their LD service with the wireless service. And that has made MCI a very, very attractive and sought-after partner because in the world of the future, customers are not just going to buy wireless. They're going to be packages of services. And if you're going to be a wireless player there, you've got to find an MCI that can bring you packaging capability,

marketing capability, and very importantly, distribution to the many millions and millions of customers that MCI has built with a loyalty in the brand of MCI. We represent certainly an avenue to put products in the hands of both consumers and businesses that a wireless company does not have access to today.

How would you define MCI?

We are a company that takes technologies and crafts them into products and services that consumers and business customers can use. We are technology agnostic. Our original name, Microwave Communications, Inc., [is somewhat misleading]. For example, we don't use "microwave" except in very small instances now in our network. We're primarily a fiber-based company. So, the business that we're in is selling services, information technology services, and the announcements that we're making today with network MCI business is just that, to bridge the world between computer telephony and transmission, to put at the business customer's desktop, on a workstation a whole array of services from electronic mail to collaborative workstations that provides the customer an all in one package of all of these products that were, in the past, disparate services. This includes software.

What is the way of the future? One day we read how everything's going to be done on computers. The next day it's telephones. The next day it's television sets. Is this all going to be together? Looking ahead 10 years, what do you see?

The telephone stopped being a telephone probably 10 years ago. The telephone has been a computer for a long time. It's just been dressed up to look like a telephone so that people would feel comfortable with it. So there's been a convergence already. Your so-called PBXs are more computers than anything else. That instrument that sits on your desk is a digital terminal that really is a computer, although it goes back to the PBX for its brain power. So it's there today. In the United States, there are 75 million PCs out there today in businesses. And today services are available. The Internet is here; the PC is here, in a very big way. And this convergence, this change in

interactive multimedia is happening now. It's going to continue to happen in the future. But it's here today and it's here on the PC. Look at the last issue of Fortune magazine. It talks about half the sales of PCs now are by consumers; one-third of American homes now have PCs. And importantly, in a recent survey of consumers who were asked "how do you spend your time with technologies," the first one, obviously, was television. How many hours a week and so on. But interestingly now, in second place is the phone at 9 hours, and right up there with it is the PC at 8 hours plus. So the PC and the phone are now perceived by the consumers as how they spend their time. They are almost equivalent, which tells you this is happening in the home as well as the office. And the growth of on-line services now account for the fact that 40 percent of those PCs in homes today are connected to some kind of network.

You were somewhat instrumental in the Internet. What did you do in the early days, and what do you think of the future of the Internet?

The future of the Internet is now. It really is the information superhighway. It may not be the only model of it, but it's the working model today and the fastest growing use on the Internet is by business. It is going to become the electronic commerce mall in the very near future. Our history with the Internet goes back to 1987 when, with the National Science Foundation, IBM, and MERA, we put in the first high-speed links between the various big mainframe computers and the National Science Foundation network, which were the backbone of the Internet. At that time, they were 50 kilobit networks, which meant that you could send about two pages in a minute. We upgraded that and now are in the third upgrade of it, but it is now going in at 155 megabits. And soon it will be on the new SONET networks, which will be at much higher speeds than that. But the five super computers that make up the backbone of the Internet in the US, which all the scientific research and all the universities are on, those data highways have been supplied by MCI in four successive upgrades of data speed since 1987.

People talk about the information superhighway. Is there a possibility that this may just be a trend or a fad, or is this really going to be the wave of the future?

It's certainly a significant trend. I don't think it's a fad anymore because people who use it are no longer research people. They're on it, certainly, but the new users have got functional applications, and they include technology averse groups such as lawyers. Lawyers use the Internet both to communicate with clients and to do research on law cases. What changed it from being a fad to business application is not only the people that used it but what their uses are for it. It's becoming more meaningful to businesses every day.

To people like me who are not technical, it seems like things are getting impersonal. It used to be you talked to people on the phone. Now you come to your office and people leave you messages. What does the future hold?

One of the big breakthrough products in interactive multimedia, is the videophone. I have it in my office next-door on a PC, which you can now get. You can do it in your home on your regular phone lines. But as technology becomes more complex, it is also becoming more intimate in a way if you will. The first big breakthroughs are not going to be the obscure niche market products and services. They're going to be the mass ones. And that first one is going to be the videophone at home and the collaborative workstation at the office in which you can both see the person while you're talking to them while you're working together on them. So in a sense technology is bringing people together, giving a human touch to things that you couldn't have before. You could hear somebody on the phone, but you couldn't see them. And in the not too distant future, people will look back and say "Gee, I wonder how people ever communicated when they couldn't see the person that they were talking to."

One of our writers wrote "Telecoms will be Europe's fastest growing major industry in the 1990s." Do you agree or disagree?

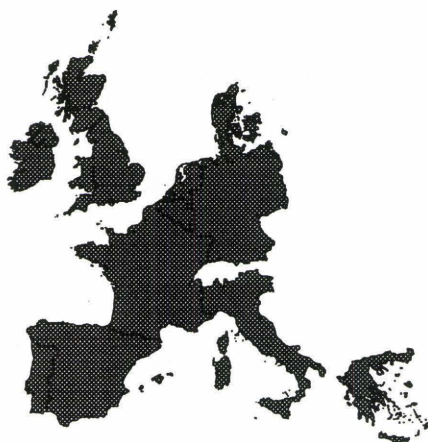
I'm surprised that it isn't already. ☺

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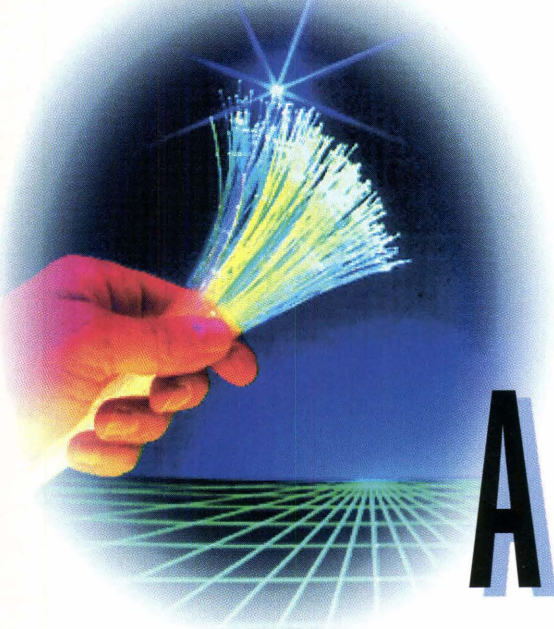
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A Revolution in the Making



France Telecom



By **Bruce Barnard**

EUROPE'S TELECOMMUNICATIONS COMPANIES are gripped by fear, uncertainty, and excitement as they confront a deadly cocktail of deregulation, rapid-fire technological change, and a fast-approaching invasion of their long protected domestic markets.

The European industry has changed beyond recognition during the past three years as state monopolies prepare for privatization, forge alliances with foreign partners, and plan to lay off tens of thousands of workers who thought they had a job for life.

Telecommunications is Europe's star sector, assured of double digit growth for an ever widening array of new services. Indeed, by the end of the decade, Europe's private telecom companies likely will boast a bigger stock market capitalization than banks, according to Salomon Brothers in London. By then the European market for telecom services and equipment will be worth over \$200 billion, according to some estimates.

But the process of sifting out the winners and losers has only just begun. The smaller companies are desperately seeking bigger allies to protect their profitable, but vulnerable, international business, and the big players are forging cross border alliances to support global operations.

The European Union signaled the end of the giant state monopolies in mid-1993 when they agreed to open up the \$80 billion-a-year voice telephone market to outside competition on January 1, 1998.

But 1998 has already arrived. Dozens of companies, including giants like Mannesmann AG, the German engineering group; Olivetti, the Italian computer and office equipment firm; and Cie Generale des Faux, a French water utility, have exploited legal loopholes to move into markets still reserved for the lumbering monopolies, creating a brand new industry offering multinational corporations cheaper calls and better service.

A huge lucrative market waits to be tapped. US companies estimate their telecom costs are two to three times higher in Europe than in North America and they get a narrower range of services. Some European companies are moving fast to satisfy this pent-up demand. Viag, a diversified German industrial group, plans to generate around \$625 million a year from telecommunications services by 1998.

Many big companies are circumventing national monopolies by using these private networks or rerouting their long distance calls through foreign companies offering lower prices. British Telecom had around 100 customers in the Paris region who sent their international calls through operators on the other side of the English Channel. CIT, a company in Toulouse, southwest France, has hired lines from Mercury, the United Kingdom's second largest phone company, and sells its services to local firms.

In the UK, leading firms such as Rank, Xerox, Imperial Chemical Industries, and American Express are among the 40 members of a club established to get cheaper phone calls. To stay within the law their system is being designed so they can only make private calls to their plants, suppliers, and distributors.

The 1998 deadline to end monopolies on voice telephony, which accounts for 90 percent of the monopolies' revenues, greatly underestimated the pace of technological change.

"Technological developments have made monopolies more or less irrelevant," according to Martin Bangemann, the EU's industry commissioner.

The Commission, backed by the more liberal member states, is increasing the pressure. Competition Commissioner Karel van Miert has called for legislation to allow mobile phone operators to build their own networks, and Mr. Bangemann says he hopes to bring forward the 1998 deadline for liberalization.

Germany, which holds the EU's rotating presidency until the end of the year, plans to broker an accord setting a date

for ending state monopolies on network infrastructure on cables, wires, and switches. Retaining network monopolies after 1998 would mean companies would have to rent lines to offer their services to the public rather than being allowed to build networks of their own.

The fact these proposals don't excite undue controversy underlines the profound changes that have taken place in government thinking toward state monopolies. Only three years ago, the Commission had to take several recalcitrant member states, including France and Italy, to the European Court of Justice, the EU's highest legal authority, for not implementing directives opening up the EU's markets for telecom equipment, data communications, and other "value added" services.

EU governments are scrambling to ensure they don't miss out on the telecom revolution, by privatizing their monopolies, waving through cross-border alliances, and turning a blind eye when private upstarts move into previously protected markets.

They have little choice since about a third of Europe's telecommunications market is open to competition. The state monopolies and established carriers still dominate in these markets, but the newcomers are setting the pace. In the UK last year the volume of international traffic added by the new carriers was greater than the new business generated by British Telecom, the dominant player.

The United Kingdom, which privatized British Telecom and launched deregulation back in 1984, boasts the only open market in Europe and acts as a laboratory for its laggardly EU partners. But the UK too has a long way to go before it has a genuinely competitive market. British Telecom still carries 90 percent of the UK's telecom traffic and its 20 million plus customer base dwarfs

the 380,000 subscribers to its nearest rival, Mercury.

But this is changing and fast. Two years ago the British government ended the British Telecom-Mercury duopoly established in 1984 and rolled out the welcome mat for a new breed of domestic and foreign operators. It also allowed cable companies to build combined television and telephone networks—some 30 firms, 20 of them American, are currently laying private networks across the country. To give the newcomers a chance, the government banned British Telecom from offering entertainment services over its existing network for at least 10 years.

The United Kingdom underlined its commitment to the free market in the summer by granting a license to AT&T, one of the world's biggest telephone companies, to provide services throughout the country. AT&T had vowed to dig up every street in the UK to build its own network but recently toned down its rhetoric, predicting competition will be "low key" in Europe for some time after markets are liberalized.

Continental Europe is belatedly following the British lead. Most countries, with the notable exception of France, have decided to fully or partially privatize their monopolies as a





Calling for More Competition

Europe is getting the jitters about falling behind the US in the race to an "information society," just as it fretted over a yawning "technology gap" with America and Japan in the early 1980s.

The European Commission has adopted an action plan to ensure Europe will not lag behind its competitors in building state of the art fiber optic networks and developing interactive services to run through them.

"A race is on at the global level," according to Martin Bangemann, the European Union's industry commissioner. "Those countries which adapt themselves most quickly will set technological standards for those who follow."

Europe's top industrialists have urged the Commission to take urgent action to remove obstacles to the new technology and to liberalize the telecom market.

"Europe is only a patchwork of incompatible communications networks marked by high costs, low quality services and very limited interoperability between systems," according to a report by the European Round Table of Industrialists, chaired by Carlo de Benedetti, head of Olivetti, the giant Italian computer and office equipment company.

Europe isn't lagging behind the US yet, but it may do so if it doesn't act soon is the verdict of a top level industry group led by Mr. Bangemann. "Tide waits for no man, and this is a revolutionary tide sweeping through economic and social life."

The Commission forecasts that the European telecommunications sector will grow by 6 percent a year, buoyed by new technologies and the liberalization of data services and mobile communications. The total information services market in the EU could be worth \$300 billion in 1997, with

telecoms accounting for \$170 billion.

EU leaders endorsed the Bangemann report at their summit in Corfu, Greece, last June, but European business leaders say the US will increase its lead unless EU governments rapidly dismantle their state monopolies and tear up the rules and let it happen," Iain Vallance, chairman of British Telecom, told a telecom conference earlier in the year. "If Europe doesn't get a grip on this it will fall further and further behind the United States and Japan."

The Bangemann report stressed that the private sector must play the leading role in building the information highways and called for state telecom operators to be freed from "non-commercial political burdens," particularly their role as tax collectors for their national governments.

Mr. Bangemann is calling for more freedom for private companies to compete on an equal footing with state monopolies. This requires the break-up of long distance telephone monopolies and the rapid linking of existing networks to obtain the low tariffs that are crucial for creating the new information society.

"The only way to get lower tariffs is through competition," Mr. Bangemann told delegates to the recent 13th World Computer Congress in Hamburg.

The European Commission has proposed 10 projects to promote information highways. The most advanced is an electronic road management program to fit roads and automobiles with devices to track traffic flows, electronically collect motorway tolls and to alert motorists to traffic jams.

The Bangemann report sets a target of installing road management systems in 10 urban areas and on 12,000 miles of roads by 1996. By 2000, it plans to have the systems in 30 conurbations and on all trans-European motorways.

Mr. Bangemann has called for the new technologies to be adapted to solve daily problems, such as diagnostic equipment to register air pollution and allergy levels. Information networks could be used to provide "telemedicine," giving cheaper and more efficient health care.

The EU commissioner also wants telecom networks to be extended to include multi-media services such as telebanking, teleworking, and teleshopping. The ball is in the court of the 12 EU governments.

—Bruce Barnard

the rule books. "It's better to tear

springboard toward competitive telecommunication markets. The Netherlands was first off the mark, successfully selling off a third of KPN, its telecom and postal monopoly, to domestic and international investors in the spring. Denmark, Portugal, Italy, Ireland, Belgium, and even socialist Greece are preparing privatizations.

Meanwhile, Deutsche Bundespost of Germany, Europe's biggest telephone and mail company, will be transformed into three joint stock companies on January 1, 1995, as a prelude to privatization starting in 1996.

European companies also are scrambling to forge alliances with US rivals, both to protect their domestic turf and to "go global." British Telecom, as usual, was the pacesetter, forging a \$5.3 billion alliance with MCI Communications, the second largest US long distance carrier in 1993.

Deutsche Telekom and France Telecom struck back with a combined \$4.2 billion purchase of a 20 percent stake in Kansas City-based Sprint Corp., the number three US long distance carrier.

AT&T, which has successfully forged alliances in Asia but failed to team up with Deutsche Telekom and France Telecom, finally beached in Europe last July, linking up with Unisource, a two year old alliance between the Dutch, Swedish, and Swiss telecom companies. Days later, Telefonica of Spain took a 25 percent stake in Unisource.

As Europe struggles with the regulatory and technological revolutions, no one can be sure who will be the winners or losers, or indeed the survivors.

Europe's telecom companies are saying and doing things that would have seemed almost surreal just five years ago. The Swedish, Dutch, and Swiss partners in Unisource already are thinking aloud about merging. "Within five to ten years the three companies could become one company," said Bertil Thorngren, director of corporate strategy at Telia, Sweden's state-owned monopoly.

Meanwhile, Helmut Rieke, chairman of Deutsche Telekom predicts that up to 40 percent of the company's shareholders will be foreign after its privatization in 1996. ☉

Bruce Barnard is a contributing editor to EUROPE and a Brussels correspondent for the Journal of Commerce.

Both the United States and the European Union face challenges to create jobs, promote economic growth, and train workers to compete in a world governed by technological change. Chronic unemployment and the new phenomenon of jobless growth have pushed these issues to the forefront of debate; we *must* prepare our economies and our people for a new era.

European and American policy makers and practitioners will compare how the United States and the European Union are addressing these issues in this interactive satellite forum on October 27, 1994. Discussion will focus on how our policies differ, what we can learn from each other, and how we can build on the increasing interdependence of our economies. Panelists will include Henning Christopherson and Padraig Flynn of the European Commission, U.S. Deputy Secretary of Education Madeleine Kunin, and Ambassador to the European Communities Stuart Eizenstat.

Jobs, Training and Growth

in Europe and the United States:

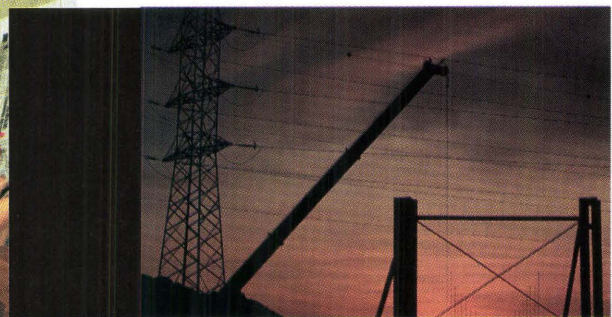
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João de Deus Pinheiro

EU Commissioner for Culture and Audio-Visual Affairs

João de Deus Pinheiro, EU Commissioner for Culture and Audio-Visual Affairs, spoke with EUROPE Editor-in-Chief Robert J. Guttman about US films in Europe, EU film and television policies, and European movies in the United States. Mr. Pinheiro is a former foreign affairs minister of Portugal.

What is the heart of the problem between Europe and the US concerning US films and television shows in Europe.

Let's first put that in context. Nowadays, in Europe, in what is regarded as fiction on television and in movie theaters, the proportion of European works is less than 20 percent. All the other comes from different places, but mainly from the United States. That is roughly 80 percent of the market. Not only that, but the European share in this market has been shrinking in the last 30 years. It was roughly 50 percent more than 30 years ago and is now less than 20 percent. This explains why Europeans have been very sensitive in this regard. You can easily understand that if you note that today's television and movies are the main vehicles for culture, for language, for the whole notion of culture to the individual. When the GATT was under discussion, Europeans wanted to safeguard the possibility of having extra measures of support for their audio-visual industry in order to try to reverse this trend of continuous decline. Our American friends thought that that was a protectionist tactic, which was not our intention. There was not time enough in order for a mutual understanding, and the GATT was signed. We have been trying to heal the wounds, to try to foster a new environment in which dialogue is centered on cooperation. And I must say that we are now achieving that objective. The dialogue is now underway, and we are now working together rather than fighting each other on this issue. Why is that? Because there is room for everybody. The television and film sector will triple in demand in the next 20 years. It will double in the next 7 years. There is room for everybody, and there's no reason to

EUROPE
INTERVIEW

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Inside

EUROPE

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GIVING PEACE A CHANCE

Twenty-five years after the British Army was sent in to maintain order in Northern Ireland the fighting has stopped and many people think it may be stilled for a long time. After the Berlin Wall, South Africa, and the Middle East, can we begin now to talk also of an historic peace in Ulster? There are skeptics, especially in London, but even the most diehard of them acknowledge that the prospects have not looked better at any time since 1969.

The cease-fire declared by the Irish Republican Army at the end of August brought to an end a generation of murderous strife between Catholic and Protestant radicals that left 3,168 people dead and which in terms of casualties per capita ranks among the world's bloodiest. With possibly years of tortuous negotiation ahead, it would be imprudent to talk of victory or defeat except to say that the IRA goal of a united Ireland free from British influence appears, on the face of it, no more attainable today than it was in 1969. But what are the more immediate consequences, and what role might there be for the European Union and the US in a permanent settlement?

It doesn't take a conspiracy expert to argue that behind London's apparently grudging response to the IRA cease-fire in August stands an elaborate political game plan. If you believe in the sincerity of Mr. John Major's desire for permanent peace in Northern Ireland, then accept that to get there one must enlist a measure of support from the Unionist MPs who want to retain the links with Britain and their sympathizers in his own Conservative Party. They are not numerous but they are highly vocal, and they will only be appeased in these early stages by a public show of skepticism and mistrust by the government toward the Irish nationalists.

For this reason Mr. Major has been prepared to brave the charges of irresolution in recent weeks. But in private, ministers and top officials present a far more constructive and reassuring analysis. Britain, it is being said, is determined to follow the script drawn up with the Irish government in the south which proposes as a first step the creation of a powerful assembly of locally-

elected politicians to take over from London virtually all the affairs of Northern Ireland within about two years—in effect power-sharing as opposed to direct British rule.

Mr. Major's government will take pains to keep his own party and the Unionist MP's happy, but if he has to disagree with them, the political arithmetic favors him. It could not have been said five years ago, but now probably only about 30 Tory MPs, or a tenth of the party's strength in Parliament, would oppose the government over Ulster (Northern Ireland). Similarly, the influence of the Unionist has fallen sharply.

The real test of Mr. Major's vision and skills will come with the second strand of the plan, the setting up of new institutions with executive powers that would operate across both the North and the South. The idea appalls Unionist die-hards, who see it as the first step toward a united Ireland, but London officials believe that it is indispensable if cross-border cooperation is to become a reality and the IRA gunmen are to remain silent.

It is in this delicate area that the roles played by the European Union and the US will be crucial, both to help replace cash lost by the gradual withdrawal of British subsidies and to give the new governing structure an international legitimacy.

Jacques Delors, president of the European Commission, said in September that the EU would be providing about \$1.5 billion in aid over the next six years to Northern Ireland and the border areas of the Irish Republic and that the EU was looking to see how still more could be offered. Between 1989 and 1993, the EU provided some \$1.3 billion to Northern Ireland through its structural funds for economically depressed regions, special financing for cross-border projects, and with the US and others in contributions to the International Fund for Ireland.

In the US, the well-heeled Irish-American lobby is being actively solicited for investment, and there are hopes of launching an American-Irish bond to raise cash on the lines of US funding for Israel. President Clinton has promised a "peace dividend" which could be as

GIVING PEACE A CHANCE (CONTINUED)

much as \$200 million—or 10 times the present level.

The challenge for those receiving such aid will be to find ways of spurring economic growth once British troops leave and UK subsidies are wound down. An estimated 20,000 jobs in Northern Ireland are security related and a remarkable quarter of Ulster's income subsidy.

One result of the subsidies is the impressive quality of the province's public services and a pool of young people measurably better educated than those in mainland Britain. Ulster's scenery is a huge tourist asset now that the bombs and bullets have stopped. But industry is poorly developed in comparison to that of the Irish Republic and is uncomfortably dependent on British markets.

More immediately it has to be said that the painstaking Anglo-Irish policy may be working. A year ago the risk of a civil war if any deal were struck with the IRA was a real one. But just a few weeks after the cease-fire, fears of an anti-Catholic terror campaign are receding in Britain. The temper

and language of the Unionists has moderated, and there is a broad, if unfocused, feeling that this time the cease-fire could prove the key to an historical settlement rather than just another footnote in the bloody history of the province.

British people nevertheless remain broadly ill-disposed toward the Sinn Fein leader Gerry Adams. His association with the IRA's generation of bloodshed in Northern Ireland is too deeply ingrained to be wiped away by one act of statesmanship. If heroes there be when the final reckoning is made, Mr. Major and the Irish leader Mr. Reynolds will rank among them in British eyes. And surely with them will stand the figure of Mr. John Hume, veteran member of the European Parliament and leader of the Social Democratic Labor Party in Northern Ireland, whose quiet and often ridiculed negotiations with Mr. Adams over the past year opened the way to a settlement.

Alan Osborn is a journalist based in London.

EU NEWS

NEW FRENCH EU COMMISSIONERS CHOSEN

Edith Cresson, former French prime minister from 1991–92, and Yves-Thibault de Silguy, top trade and European policy executive of Prime Minister Edouard Balladur's office, have been chosen as the new French representatives to the European Commission.

A political imbalance for France has been caused by these appointments. Cresson, President François Mitterrand's nomination, is an ex-Socialist premier, while de Silguy, nominated by the Gaullist premier, is a more conservative choice.

The 17 appointments that make up the Commission must be approved by the European Parliament before they formally begin work on January 7. The Commission's President-elect Jacques Santer from Luxembourg will be in charge of distributing the portfolios among the new commissioners.

BERLIN BIDS FAREWELL TO ALLIED SOLDIERS

The final Allied soldiers departed Berlin on September 8, leaving on much friendlier terms than when they arrived nearly 50 years ago. This will be the first time since 1945 that Berlin is free of foreign military occupation.

Having signed the Two-Plus-Four Treaty in 1990, the governments of the World War II Allied powers agreed to remain present in Berlin until Soviet withdrawal from Germany was completed. The final Soviet forces departed on August 31.

There were many events honoring the farewell of the 200 American, British, and French troops. The festivities included

a wreath laying at Tempelhof Airport (remembrance of the 1948–49 Berlin Airlift), a German military parade at the Brandenburg Gate (the first since World War II), as well as the many parades, parties, and cookouts that took place throughout the summer. Secretary of State Warren Christopher, French President François Mitterrand and British Prime Minister John Major represented the departing powers.

Although the troops are leaving Berlin, the Allied presence will not be leaving Germany completely. President Clinton has promised to keep 100,000 US troops in Europe (two-thirds of which will be stationed in Germany).

RASMUSSEN PREVAILS IN DANISH ELECTIONS

In the wake of Denmark's national elections, the four-party coalition government managed to keep only 75 seats in the 179-seat Folketing (parliament). Still, Prime Minister Poul Nyrup Rasmussen says that he expects to remain as head of a new minority government.

His most recent coalition government had consisted of Mr. Rasmussen's own Social Democrats, the Centre Democrats, the Christian Democrats, and the Radical Liberals; however, the Christian Democrats failed to receive the minimum 2 percent of the vote required to get a seat in the Parliament. Both the Centre Democrats and the Social Democrats lost ground. The Radical Liberals gained one seat.

The opposition Liberal Party, led by former Foreign Minister Uffe Ellemann-Jensen, made the biggest gain, winning 13 new seats for a total of 42, but Mr. Ellemann-Jensen conceded that even with the support of two other right-wing parties he could not form a government.

SDP WINS IN SWEDEN

Ingvar Carlsson claimed a minority victory on September 18 as he led his Social Democratic Party (SDP) to defeat the center-right government led by Prime Minister Carl Bildt.

Although Carlsson was 134 votes short of gaining the overall majority, the SDP claimed 162 seats in Parliament, while Bildt took only 147 out of the 349 total seats.

Carlsson's main goal is to "build an effective government of cooperation," as he tackles the large economic problems facing the country, including budget deficits, state debts, and high unemployment, while working to become a majority presence in Parliament.

Another item high on Carlsson's agenda is to encourage support for EU membership as Sweden's deciding referendum on November 13 draws near. It is hoped that a yes-vote by the Swedes will also convince Norwegians to vote for EU membership at their referendum in late November. Currently, polls continue to show a deep split among the Swedes on the issue.

EU NATIONS JOIN HAITI FORCE

The United Kingdom, Belgium, and the Netherlands have agreed to contribute to the US-led multinational intervention force. The UK has already sent a tanker and a frigate as support and has agreed to help train Caribbean military personnel. British personnel might also be sent but only as back-up for the United States. The Netherlands has already made a Royal Netherlands Navy Frigate and a PC 3 Orion Long Range Maritime Patrol Aircraft available to be used in a non-combatant role. The government will also consider sending a Marechaussee troop (civil and military police staff) at a later stage. Finally, Belgium will send 30 to 40 Military Police in October to be part of the International Police Monitoring team. France will send approximately 100 policemen to Haiti.

NATO APPOINTS SECRETARY-GENERAL

Securing broad support from the Europeans, while at the same time garnering no objections from the US, Belgian Foreign Minister Willy Claes, is set to become the next secretary-general of NATO.

Claes' forceful leadership of the Belgian presidency of the EU won him strong support for his candidacy over the two other primary contenders, Thorvald Stoltenberg, who is from Norway and a UN mediator in the former Yugoslavia, and Hans van den Broek, who is from the Netherlands and the European Commissioner for external political affairs.

And though some resentment is likely to remain in Oslo (Norway has never held the top NATO post), the alliance was quick to avoid any public infighting.

Claes becomes the eighth secretary-general of NATO since the alliance was founded. He replaces Manfred Wörner, who died of cancer last month.

WHAT THEY SAID...

ABOUT PEACE IN IRELAND

"Peace would be nice, but we're just trying to survive and find a job."

—*Brian McGlone, unemployed 30-year-old from West Belfast.*

"There is now an historic opportunity to take the gun out of Irish politics forever...."

—*Albert Reynolds, prime minister of Ireland.*

"A joyous and hopeful day for all of Ireland and for all the Irish people."

—*Edward Kennedy, US senator from Massachusetts.*

"Let words now be reflected in deeds."

—*John Major, prime minister of the United Kingdom.*

"Now we face the primary challenge which is to reach an agreement among our own divided people."

—*John Hume, leader of Social Democratic Labor Party and MEP from Northern Ireland.*

"It is an historic day."

—*Gerry Adams, president of Sinn Fein, the political arm of the Irish Republican Army.*

"There must be a permanent end to violence."

—*US President Bill Clinton.*

"I hope to God the cease-fire will change things. Right now, it's terrible."

—*Trevor Kay, an unemployed Belfast truck driver.*

"We all thought that peace was intractable in South Africa and the Middle East and look what's happened there in the last year. We need to look toward the future in Ireland as well."

—*Thomas J. Manton, member of the US House of Representatives from New York.*

BUSINESS BRIEFS

Groupe Bull, France's troubled state-controlled computer manufacturer, has staged a remarkable comeback, heading for an operating profit in 1994 after losing almost \$3 billion in the past three years.

Bull, dismissed by industry analysts as a lost cause, is on target for a net profit by mid-1995, according to Jean-Marie Descarpentries, appointed chairman almost a year ago.

The net loss from the first half of 1994 was reduced to \$81.7 million from \$226 million a year earlier, and net losses narrowed to \$159 million from \$370 million.

Bull's revival paves the way for **NEC**, the Japanese electronics giant, to increase its small holding in the company and boosts Bull's chances of finding a new equity partner.

The turnaround also clears the way for the European Commission to approve a final injection of \$585 million of government money into Bull.

...

Benetton, the Italian leisure wear firm whose colorful clothes are a common sight around the world, is diversifying into watches.

The Benetton Group has teamed up with **Timex**, the US watchmaker, and **Junghans**, a German manufacturer, to establish a Luxembourg-based company called **Benetton Time**, in which the Italian firm has a 52 percent stake.

Benetton Time will make five million watches with over 40 different designs each year, retailing at between \$60 and \$120 each and competing directly with the world famous Swiss-made **Swatch** watches in 85 countries.

...

Bayer, the German chemicals group, paid \$1 billion to use its own brand name in North America for the first time in 75 years.

Bayer lost its name during World War I, after the US government confiscated its American assets as "enemy property" and sold them to **Sterling Products**, a US drugs firm, for \$5.3 million, in 1918.

Bayer seized the chance to reclaim

its name and \$365 million-a-year in sales in the summer, when **Eastman Kodak** sold **Sterling Health** to **SmithKline Beecham** for \$2.93 billion.

Manfred Schneider, Bayer's chairman, said the \$1 billion payment to SmithKline Beecham for several famous brands, including Milk of Magnesia and Bayer Aspirin, marked "a memorable day in our corporate history."

Earlier in the year, Bayer boosted its US presence with the \$310 million acquisition of a 28.3 percent stake in **Schein Pharmaceutical**, a privately-owned generic drug firm.

...

BMW cars began rolling off the assembly lines at an auto plant in Spartanburg, South Carolina in September, the first European vehicles to be manufactured in the US since **Volkswagen** closed its plant at Westmoreland, Pennsylvania in 1987.

The \$400 million plant will be making 300 cars a day by the end of 1996 and build up to 90,000 units a year by the end of the decade.

BMW will be joined in 1996 by major German rival **Mercedes-Benz**, which is building a \$300 million plant near Tuscaloosa, Alabama, to make 60,000 four-wheel-drive sports utility vehicles a year.

...

Veba, the German energy and industrial combine, plans to transform its small telecommunications operation into a \$5 billion-a-year business within 10 years.

The group will invest \$3.88 billion by 2003 to create a business with a 10 percent share of the German telecoms market, according to Veba Chairman Ulrich Hartmann.

Veba is paying \$140 million for a 10 percent stake in **Iridium**, a US-dominated satellite telecommunications group, which plans to launch a network of 66 low-orbit satellites in 1996 to provide global wireless communications services.

The group also signed a joint venture with **Deutsche Bahn**, giving it access to the signaling and tracking network of

the state-owned railway.

...

France Telecom boosted its global presence by taking an 11 percent stake in **MTS**, a Russian mobile telephone joint venture which has a 10 year exclusive operating license in the Moscow area.

State-owned France Telecom is buying its stake from **Deutsche Telekom**, the German telecoms giant with which it forged a global alliance in 1993.

MTS, which is 51 percent owned by Russian interests, intends to invest \$90 million in a Moscow mobile telecommunications network. Since launching its service last July, it has signed up 2,000 subscribers in the city.

...

Air France Chairman Christian Blanc hired Steven Wolf, former chairman of **United Airlines**, the US carrier, as an advisor to help his cost-cutting strategy.

Unions at state-controlled Air France denounced the appointment of "an icon of airline deregulation." But analysts hailed the hiring of Mr. Wolf as evidence that Air France is serious about its rationalization program which involves 5,000 job losses and a pay freeze over the next three years.

Air France's restructuring plan is being closely monitored by rival carriers angered by the European Commission's approval of a \$3.8 billion government subsidy.

Bruce Barnard, based in Brussels, is a contributing editor to EUROPE and a Brussels correspondent for the Journal of Commerce.

INSIDE EUROPE

Correspondents

Bruce Barnard

Alan Osborn

Reuters contributed to news reports in this issue of *Inside Europe*.

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be fighting each other for a market that is expected to increase so rapidly.

It seems as if some Europeans do not consider US films and television shows to represent true culture. What do Europeans define as "art" in movies? Could *Jurassic Park* be considered art?

All works are cultural, be it *Jurassic Park* or what have you. It's not regarding the work itself, having a bigger or lesser cultural impact. All of them are cultural works. It's in the broader context.

Could you briefly summarize the EU green paper on films and television and how that affects the American film industry?

The green paper mainly asks questions that will be debated. And from that debate, I will put forward a strategic framework for action, which I hope will be global, that we will be there before the end of the year. The basic approach is that we want to be much more on the positive side rather than on the protectionist side.

Are you advocating any quotas to protect Europe from US films?

The quotas have been there for a long time. You must stress and underline this in your magazine, that despite the fact that there have been quotas for six years, the share of American profits have increased steadily.

The US share has grown even with the quota?

Yes. Because there is an idea that the quotas have been an obstacle to the expansion into European markets for the Americans. This is not true. The proportion and the volume of American exports, the share and the volume, have increased steadily.

How do you define an American film?

In some instances it would be impossible. But for the vast majority of

the cases, statistically speaking, it won't be difficult to say that one film is American or Portuguese or French or English or German. It's mostly based on the [home] country of the company making the film. In America, many films are produced with European capital and with European directors, yet they are American. Why? Because the base company is American.

Do the French want to keep American movies out of their country, or do they want to subsidize French movies to build up their own industry? What is the French policy on films and television?

In most cases the French positions have been either misunderstood or misspoken. The French are absolutely determined to reverse this declining trend of the European indus-



João de Deus Pinheiro (right), the EU commissioner for audio-visual policy, and Jack Valenti, head of the Motion Picture Association of America, met recently at the European Institute in Washington, DC.

try. The French cultural tradition is very strong. The proposals that the French have put forward are not intended to push out the Americans. The objectives are much more on the positive side rather than on the negative side. The wounds exist, and the misunderstanding exists because these aspects were mentioned during the GATT negotiations, and everybody was really tough at that time because in the final stages of a negotiation there is no other way to be. But now that things have calmed down, the mood is totally different, be it in the US or in France.

You have said you are surprised that people in America don't see many European films. Why does that surprise you?

Because in the past, they have appreciated very much many European films and film stars and filmography. I cannot find a good objective reason on intellectual terms. I see it is much more a distortion in the market, the fact that perhaps our companies are not doing good marketing. But it's not because we don't show good films. That is absolutely not correct pretending that they are not seen because they are not good. It's because perhaps the marketing was not so good, perhaps the distribution system used was not the best one, but it is also the case in Europe. There have been some very good French films which never came to Portugal or Spain, which are neighbors with the same kind of basic culture. Why? Because the distribution is bad.

Aren't new technologies going to overtake any agreements that might be made about films and television?

From what I learned you can still have the same kind of regulations even though technological advances will be different from the ones we have today, you can have them. But my belief is that the trend will be toward liberalization, and that if the proper system of working to-

gether and joint ventures are established, I think that afterward you can drop the quota system because it won't be necessary.

Do you want Europe to be a melting pot as in the US?

No, the opposite! Never a melting pot. Never, ever. I'd be absolutely against that.

We need to be a mosaic with additional identities, different cultures, different languages, but organized in such a way that it is agreeable and with some harmony. ☺



Blockbuster films in Europe made in America By Fred Hift

Monster

CULTURE-CONSCIOUS Europe is beginning to seriously search for its cinematic identity, and some European movie executives—particularly in France—see popular American films as a formidable obstacle.

Clearly, the vision of a truly European cinema today originates in France, whose film production continues to thrive despite a host of economic problems. In stark contrast, Italian filmmaking has hit a low point, and the German production level is hardly something to brag about, representing only around 6 percent of its home market.

France has long maintained the sense of national pride in home-grown movies, and the notion that these films represent a great and now-threatened cultural value is strongly and practically supported by the government.

Many in the European film industry say the villain of the piece is Hollywood, whose movies practically dominate the European film scene to the point where, according to official estimates, American films today account for some 80 percent of the screen time in the major markets on the continent.

As Leon Schwartsenberg of France, president of the Inter-Groupe Cinema of the European Parliament, has remarked: "Europe is in danger of becoming an advanced outpost of American civilization."

British producer Jeremy Thomas is on record as saying, "There is a specific European cinema, and it's threatened because of the strength of the US industry."

Other Europeans have expressed themselves similarly but are not as

emotional about the situation, partly because there is insignificant local production and partly because their exhibitors have a considerable financial stake in maintaining the current level of the American presence.

The Americans, of course, generally unsympathetic to the argument that their dominance of the European market represents a threat to local culture, take the position that people enjoy watching Hollywood movies and should be able to see them any time they wish.

At the same time, they resent the European tendency to invoke quotas (such as the one which governs the airing of US shows on French and other networks), and they don't like local subsidies, such as the French movie box office tax, which directly subsidizes domestic French movie production.

US executives are disturbed when a French government spokesman announces that Paris will ask French theater circuits to program a greater number of European movies in their houses. For that matter, French theater operators aren't exactly ecstatic about that either because many of them earn a very good living from showing the Hollywood product.

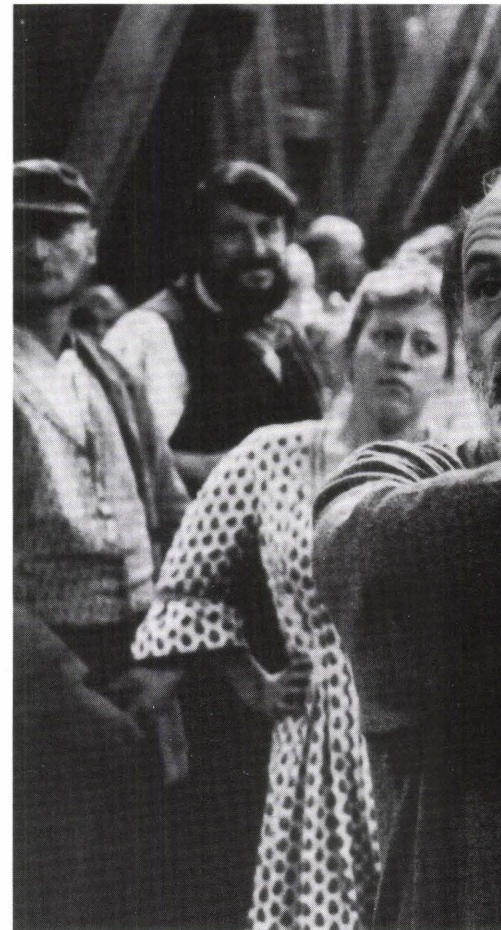
At the heart of the European argument is the charge that, because the Americans so dominate European screens, they are in a way throttling the local production, which is having a tough time surviving, in part because of limited exports and in part because it is barred from full access to key theaters which are booked up by the Americans.

In its recent green paper on the audiovisual policy of the European Union, the blame for the poor perfor-

mance of the European production was put in large part on the Europeans themselves.

"The European film industry...is struggling with fragmented distribution structures. The sector is oversized and does not even provide genuine interna-

Although some European films like *Germinal* do well at the box office, many European filmmakers complain that US blockbusters, like *Jurassic Park*, force them out of their home markets.

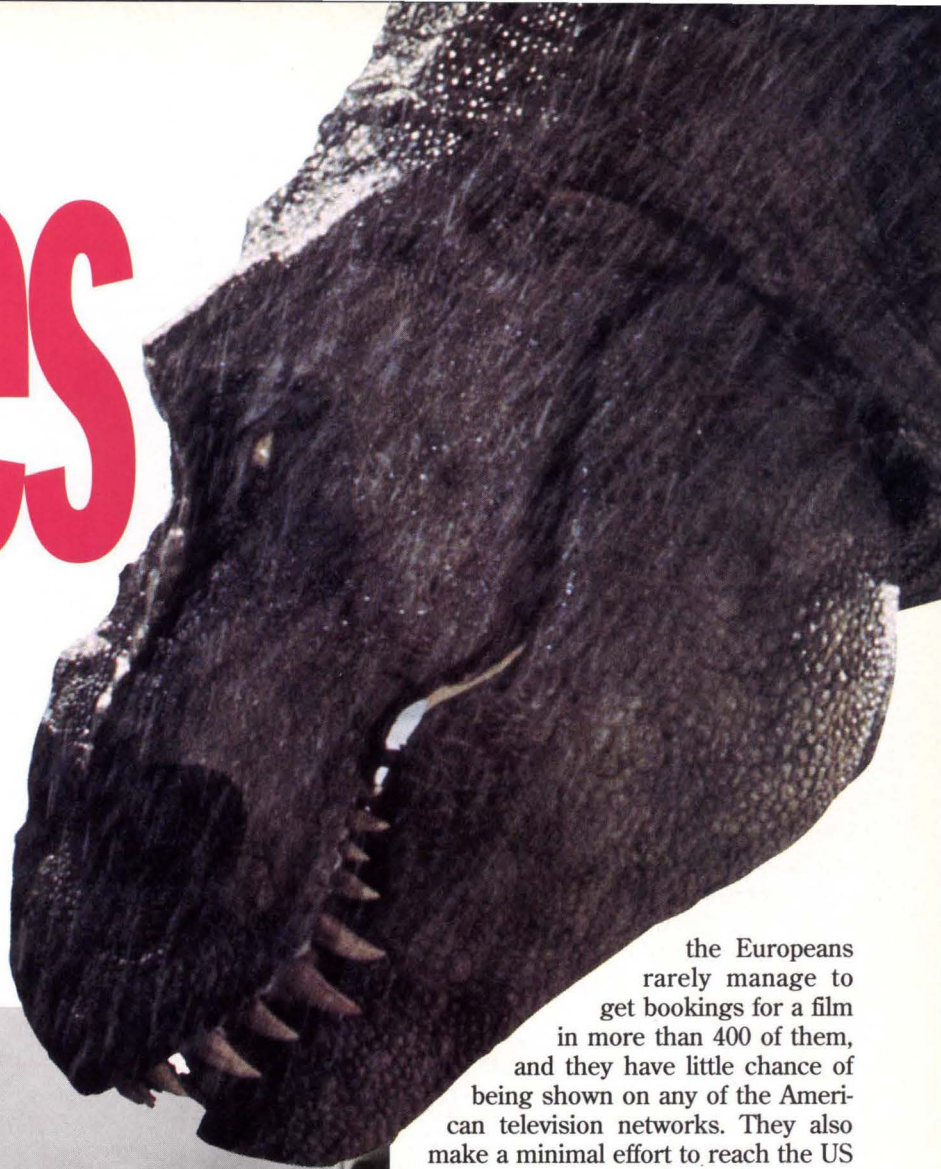


Movies

tional distribution networks at the European level," the report said.

It noted that "only 20 percent of European films go beyond their national frontier" and added that "films are released in a number of countries but without an overall strategy."

In addition, the fact remains that—for a host of complicated reasons—the Europeans simply have not been able to break into the vast American market. Out of the available 22,000 US theaters,



the Europeans rarely manage to get bookings for a film in more than 400 of them, and they have little chance of being shown on any of the American television networks. They also make a minimal effort to reach the US moviegoers—potential or otherwise—when their pictures are released.

It is generally recognized that American marketing and promotional procedures in Europe are superior to the ones practiced by the Europeans, which is cited as yet another reason why the Americans have managed to all but swamp Europe's movie houses.

Yet it is noted that, in all countries, and particularly in France, the local films can be quite successful at the box office. A good example would be the French comedy *Les Visiteurs* and the drama *Germinal*, which were as well received, if not better, than virtually all American imports with the exception of *Jurassic Park*. All of these issues were thoroughly aired at a European Commission audio-visual conference in Brussels in early July, a meeting that was as notable for its emphasis on the need for joint European film action as it was for its absence of rancor in the face of the imposing American movie competition.

According to EU Commissioner





João de Deus Pinheiro of Portugal, who oversees EU audio-visual policy, the answer to Europe's problems lies partly in the establishment of a pan-European distribution system, an idea which is unequivocally opposed by the Americans, who like the current situation under which the major US movie companies operate their own distribution networks, and the independents function through local distributors.

Some US distributors also are latching onto domestic European movies. For instance, Columbia-Tristar released the Swedish-made *The Slingshot* throughout Scandinavia, and it put out the Spanish Oscar winner, *Belle Époque*, in Spain, along with an Italian picture.

Of course, the American film distributors have released English-language films like *The Piano* and *Sirens* for a long time. And the US studios are quite extensively involved in coproduction with European partners.

Despite the obvious disapproval of some of the European producers toward US distribution practices, the last thing most of them want is an angry showdown with the Americans.

Instead, they would like to strengthen the financial base of European production, through an infusion of some \$2 billion in loans and repayable advances. The big question is how this amount of money is to be raised. Jack Lange, formerly the French culture minister, proposed a tax on movie tickets (which already exists, at least in France), on blank tapes, on film imports, and possibly even on television programs. However, even Mr. Lange acknowledged that such a levy could spark a new trade war with the Americans.

Another suggestion involved devoting 1 percent of the European Union's annual budget for financing European production. It was pointed out that, when the American film industry ran into bad trouble in the late 1960s, Washington granted it a series of helpful tax breaks. It was asked why couldn't the European governments today do likewise?

Further meetings are set for later in the year, and a new plan, practically supportive of a revival of European production, will be finally approved by the Council of Ministers in the fall.

While many of these discussions attempt to grapple with the practical problems of Europe's movie production, the pride in European cinema remains, and its value is being stressed in ever-increasing measure and urgency.

At the Deauville Festival earlier this year, Jacques Toubon, the current French minister of culture, expressed it (with a bow toward the Americans): "American domination

While some Europeans remain adamant about building their own powerful movie industries, others see the solution in closer cooperation with the American giants, which they also believe hold the key to access the US market.



exists today. That is clear. If, some years ago, we had been willing to resign ourselves to a monopoly by the American airplane industry, Airbus would never have existed. I simply cannot conceive of a future Europe without a cinematic and television industry of its own, and one which reflects its genius—just as the US industry reflects the American genius.'

On the television side, the Europeans are gradually beginning to realize that in unity there is strength. The green paper notes that, with the digital revolution, "the European market is set to become the major prize in the global struggle for market supremacy. Only a genuinely European industry backed by its most powerful players can be a match for the

world's communications giants."

While some Europeans remain adamant about building their own powerful movie industries, others see the solution in closer cooperation with the American giants, which they also believe hold the key to access the US market.

Co-production between the US and Europe pervades as a consistent theme at the big European festivals and markets, though the results have not been outstanding to date.

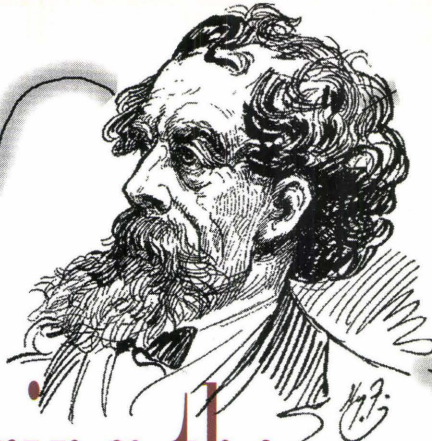
American producers are increasingly buying the rights to successful European movies, to remake them in American versions. In the case of a film like *Three Men and a Baby*, the attempt was successful. In the case of *Cousin, Cousine*, the original was a huge hit in France, but the Hollywood remake was a flop, lacking all the charm of the French version.

Meanwhile, particularly at the television end, the big American companies are becoming actively involved in investing in European audio-visual enterprises. American firms have invested in theaters (as well as productions), and the television networks are deeply involved in cable and satellite operations. Warner Brothers recently hired an executive for the specific job of ferreting out European investment opportunities in the audio-visual field.

None of which changes the basic situation. The American movies, overwhelmingly popular, continue to dominate the European market and are making it difficult at times for the local pictures to find screen space in their own countries. This situation in turn limits local producers' income and generates considerable resentment, particularly since the Europeans feel that American executives lack sympathy for their problems and larger concerns even as the Americans insist that they favor strong local production entities.

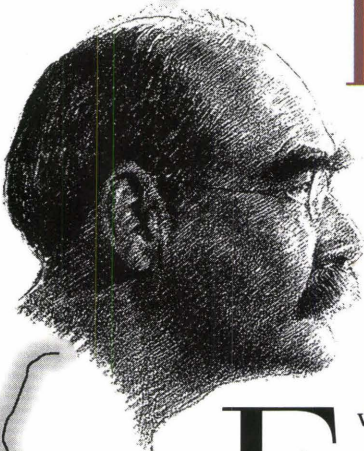
There is a renewed European consciousness of the need to support local culture, though it is clear that the infusion of money alone isn't going to assure the kind of movies that will represent a forceful and valid competition for the major Hollywood producers. ☹

Fred Hift writes frequently about the film industry for EUROPE. His article "Making the Longest Day" appeared in the May issue.



Discovering the Homes and Haunts of England's Literati

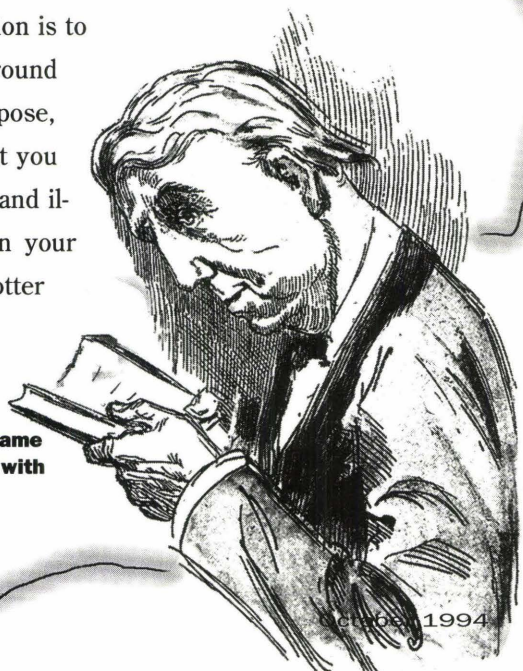
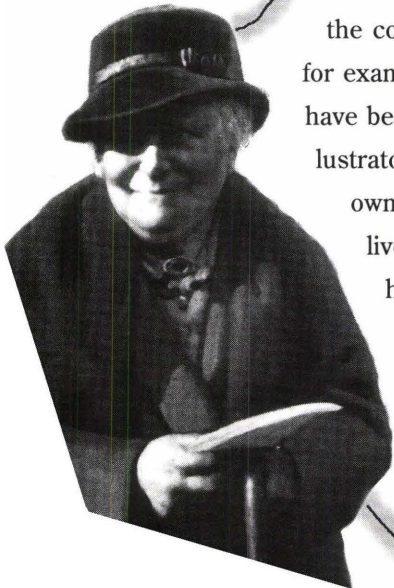
By Elisabeth Farrell



Every pub, lake, and churchyard in England has some association with the country's novelists, poets, and playwrights—or so it seems. In fact, whether you are traveling to England on business or pleasure, you can craft quite a delightful itinerary taking in these sites.

One way to put together a literary vacation is to select a favorite author and travel to sites around the country connected with him or her. Suppose, for example, that ever since you were a wee tot you have been an admirer of Beatrix Potter, writer and illustrator of children's books. You can design your own itinerary based on the places where Potter lived and the scenes she used to illustrate her charming tales.

Test your English literary knowledge and name the character, place, or author associated with each illustration. Answers on page 31.





You could, for example, travel to Gloucester and visit a little house in College Court off Westgate Street that you would immediately recognize from the illustrations in Potter's *The Tailor of Gloucester* (1901). The structure would look a bit different from Potter's original drawings because it now serves as a shop selling antiques and curios.

You could then travel to Keswick where Potter stayed with her family in 1903. There you would spot St. Herbert's Island (which, in the 17th century, served as a hermit's sanctuary). The lovely island, which is pictured as Owl Island in *The Tale of the Squirrel Nutkin* (1903), can be reached by regular boats from Keswick.

You could wind up your Potter Pilgrimage by making a trek to her 17th century farmhouse, Hill Top, which she bought with royalties from *The Tale of Peter Rabbit*. Hill Top is open for visitors in the quiet village of Near Sawrey, Cumbria. You would undoubtedly spot scenes from six of Potter's classic children's books. Even the nearby pub, Tower Bank Arms, is pictured in *The*

Tale of Jemima Puddle-Duck.

Perhaps Potter is not your favorite English author, and your predilection runs to something a little different.

No matter which author suits your tastes, an invaluable resource for putting together a literary excursion is *The Oxford Illustrated Literary Guide to Great Britain and Ireland* (Oxford University Press, \$45). It covers every British author who ever put pen to paper—from Lascelles Abercrombie to Israel Zangwill (yes, some are less known than others).

You could, for example, travel to Gloucester and visit a little house in College Court off Westgate Street that you would immediately recognize from the illustrations in Potter's *The Tailor of Gloucester*.



A Literary Feast

Perhaps you prefer to stay in one spot rather than traipsing all over the English countryside. Canterbury, the lovely cathedral city in Kent, is a good place to sequester yourself. After all, Geoffrey Chaucer found it quite hospitable when he stayed here from 1360 to 1361 as part of the royal household. The pilgrims in his *The Canterbury Tales* journeyed to Canterbury to do penance at the ornate shrine of St. Thomas á Becket, originally to the east of the high altar in the cathedral's Trinity Chapel (destroyed, alas, in 1538). On nearby St. Margaret's Street, you will find an excellent exhibition that brings Chaucer's work to life.

Numerous writers chronicled Becket's 1170 murder in Canterbury Cathedral: George Darley in 1840, Alfred Lord Tennyson in 1884, and T.S. Eliot's *Murder in the Cathedral* in 1935. You can visit the murder site yourself; take the north aisle past the choir in the northwest transept.

While in Canterbury, you may also see the tower of the long-destroyed St. George's Church. Now part of a shopping area, it is the site of Christopher Marlowe's baptism in the 16th century.

You will undoubtedly spot many scenes from Charles Dickens's *David Copperfield* that were set in Canterbury; for example, the House of Agnes Hotel on St. Dunstan Street is said to have been the home of Agnes Wickfield.

The British Tourist Authority (800-462-2748 or 212-986-2200) has two resources, both free, for literary travelers. *Literary Britain* is a map identifying more than 80 locations around Britain that have ties to writers, including the homes where they were born or lived, schools they attended, and landscapes that inspired their work. *Britain: Motoring Itineraries* is a booklet that includes, among other ventures, a six-day driving tour entitled "Murder, Mystery, and Detectives," which visits sites associated with British crime writers.

Two Wheels for the Road

If biking is your preferred method of transportation, immediately set your

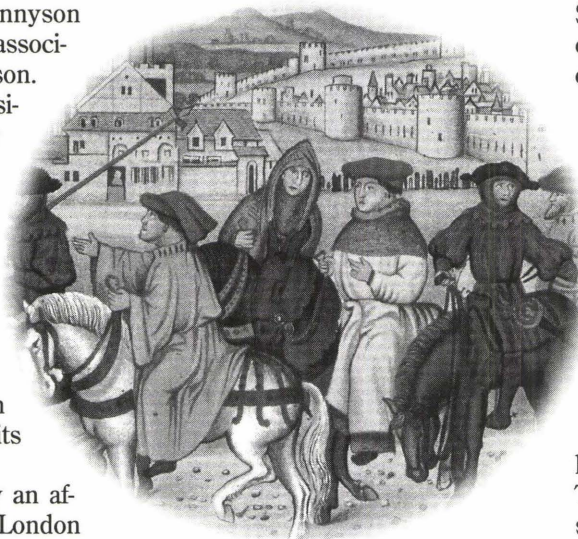
compass for the Isle of Wight, where you may pedal down the Tennyson Trail and see many of the sites associated with Alfred Lord Tennyson. The poet laureate was responsible for such works as *The Charge of the Light Brigade* and *The Idylls of the King*, both of which were written in nearby Farringford, where he lived for 30 years. *England by Bike*, by Les Woodland (The Mountaineers, \$15), traces the Tennyson Trail "up over loose gravel and follow the ridge on the chalk which gives the area its whiteness."

Alas, perhaps you have only an afternoon between meetings in London and no time to meander the hills and dales of England looking for literary minutiae. Fear not. A visit to the Reading Room of the British Library will put a smile on your face. Simply arm yourself with a copy of *Literary London: A Reader's Walking Tour*, by Andrew Davies (St. Martin's Press, \$18), take a deep breath, and enter the wonderful domed reading room. Imagine it is the morning of May 2, 1857, when the room first opened; the very first readers were treated to breakfast at the desks, and women readers were presented with bouquets.

It is doubtful you will be given either breakfast or flowers, but you are free to enter the room as long as you have a reader's pass (simply prove yourself to be a serious researcher). George Bernard Shaw, who wrote five novels here, once quipped that the reading room catered to everyone from "earnest seekers to heavy sleepers." Among both categories were the likes of literary glitterati including George Eliot, Robert Browning, Oscar Wilde, Thomas Hardy, Virginia Woolf, W.B. Yeats, H.G. Wells (who preferred to write here and save on light bills in his own accommodations), and even Vladimir Lenin, who used a fictitious name ("Jacob Reiner") to obtain a reading pass and then sat at seat L13.

Joining a Tour

For those who prefer the benefits of joining an arranged tour, at least two companies offer packages for literary aficionados. Wilson and Lake International (468 "B" Street, Suite #3, Ashland, Oregon 97520; 800-227-5550) offers a 12-day Mystery Readers' Tour to



England each summer. The itinerary includes visits to places associated with the lives and works of Sir Arthur Conan Doyle, Agatha Christie, Anthony Price, P.D. James, Ruth Rendell, Daphne du Maurier, Margaret Yorke, and others. The annual excursion (next summer it will be the sixth) visits Cambridge, Oxford, the Cotswolds, Bath, Torquay, Plymouth, Stratford-upon-Avon, and London. Meetings with contemporary British crime writers are also arranged as availability allows.

Other Wilson and Lake literary tours are Writers of Southern England, which explores the haunts of Dickens, Chaucer, Jane Austen, Anthony Trollope, William Shakespeare, A.A. Milne, Rudyard Kipling, and others; and the annual Bookworm Tour, a 12-day visit through England's West Country, which includes a full day at the used book capital of the world, Hay-on-Wye. Every nook and cranny of this town—even the 14th century castle—boasts a bookshop, including the two largest used bookstores in the world.

Twice each summer, Wilson and Lake sponsors the English Literature Summer School, a two-week course taught by professors from Sheffield University. Held in South Yorkshire at a Victorian family home, the syllabus has included works by William Wordsworth, Samuel Taylor Coleridge, Charlotte and Emily Bronte, Austen,

D.H. Lawrence, Ted Hughes, and Shakespeare. Excursions outside the classroom visit writers' homes and include a performance of a Shakespeare play at Stratford.

A two-week tour, Literary England: A Feast of Writers, is arranged by Coopersmith's England (6441 Valley View Road, Oakland, California 94611; 501-339-2499 telephone, 510-339-7135 fax). The tour spends three nights each in the Cotswolds, Lake District, Yorkshire, and East Anglia, scenic regions rich in literary associations. Participants explore the homes and haunts of writers such as C.S. Lewis, T.S. Eliot, Lewis Carroll, Samuel Johnson, James Herriot, Evelyn Waugh, Samuel Pepys, and many others.

So put down that copy of *EUROPE*, and book a passage on a literary expedition to England. Who knows, your adventure may even inspire you to write your own book or at least a magazine article. ☺

Elisabeth Farrell writes regularly for EUROPE.



Answers: page 29 clockwise from top left: Sir Arthur Conan Doyle's Sherlock Holmes; Charles Dickens; Jane Austen; Lewis Carroll; Beatrix Potter; Rudyard Kipling. Pages 30-31 clockwise from top left: Beatrix Potter's *Jemima Puddle Duck*; Scene from Chaucer's *Canterbury Tales*; the Mad Hatter from Lewis Carroll's *Alice in Wonderland*; Shakespeare's home at Stratford upon Avon.

A TALE OF TWO CITIES

I cannot express the joy I felt when the wheels of the Lufthansa Airbus bounced onto the runway at Glasgow Airport. Certainly, the beginning of any journey is exciting, however, minutes before our safe landing my fellow passengers and I got a taste of the gales that sweep down the Scandinavian coastline across the North Sea and whip unabated across Scotland. Feeling an Airbus begin to fishtail on its final approach after one has consumed more than a couple of gin and tonics is enough to send even the most intrepid traveler scurrying to book return passage via ship.

Once on solid ground, however, Scotland's major metropolitan area shapes up as a much more reassuring location for travelers of all stripes. Although locals would likely be loathe to admit it, Glasgow and Edinburgh are, for all practical purposes, twin cities. I would rush to add, however, that they are of the fraternal variety, rather than identical twins. Separated by only 30 miles, the two conurbations are connected by a motorway and rail, allowing residents of one city to commute to a job in the other and vice versa. Also, it is not uncommon for couples with jobs split between the cities to live in one of the dozens of suburbs that have grown up in the middle.

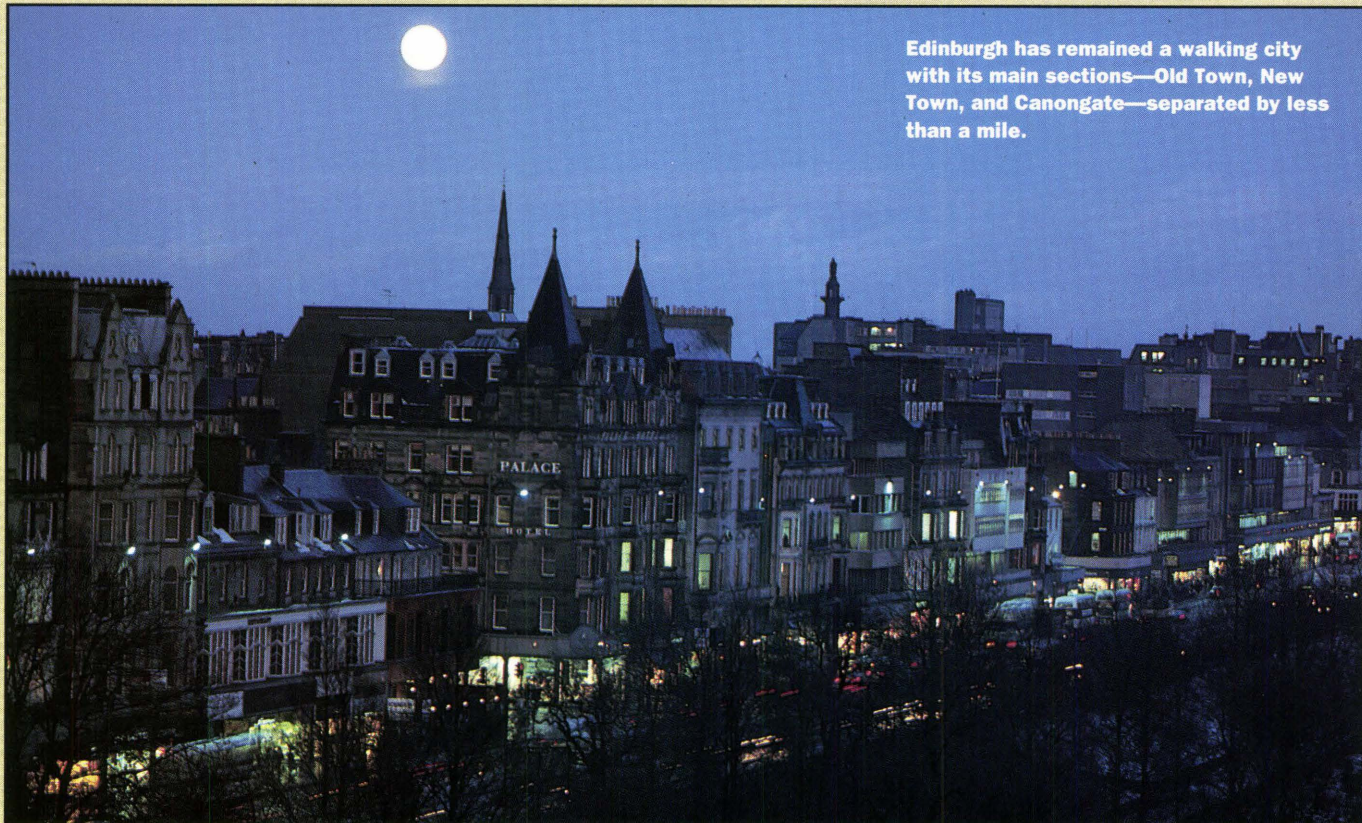
Although the two share geographical proximity, most res-

By Peter Gwin

idents from both cities would argue that the comparison between Edinburgh and Glasgow ends there. Generally speaking, Edinburgh acts as the financial and political center, whereas Glasgow drives the manufacturing sector. A friendly yet spirited rivalry persists between the two. Glaswegians are not shy about bending a visitor's ear about the advantages of Glasgow over Edinburgh, and Edinburghers are all too glad to point out their city's advantages and Glasgow's shortcomings. Mind you, all such discussions that I encountered were conducted in a respectful and diplomatic manner—at least among polite company. I never did broach the subject at a soccer match.

EDINBURGH. According to archaeologists, Edinburgh began as a military stronghold during the Bronze Age. The Castle on the Rock, built on top of the remains of the ancient fortress, persists as Edinburgh's defining landmark. Situated on an easily defended, rocky cliff that was once a volcano, the castle has been coveted by many different armies through the centuries, and much blood has been spilled attacking and defending it.

The castle's lofty position offers an expansive view of the area (weather permitting) and provides a good place for tourists to begin their exploration of the city. From here one can see both the section of Edinburgh known as Old Town



Edinburgh has remained a walking city with its main sections—Old Town, New Town, and Canongate—separated by less than a mile.

EDINBURGH & GLASGOW

and just beyond it to the north, New Town. These two sections are often referred to as the heart of Edinburgh.

Old Town is the original medieval city that grew up around the castle; however, after centuries of unchecked growth and overcrowding, the city fathers decided in 1767 finally to address the medieval squalor by building a new “enlightened” section of town (this after all was the Age of Enlightenment). James Craig, a young architect, won a civic competition to design the new district, which consists of two opposing squares connected by a grid of city blocks anchored by three main east-west streets.

Just below the castle in Old Town, visitors may embark on a historical tour of Scotland’s most famous export—Scotch whisky. The Scotch Whisky Heritage Centre, located on the Royal Mile, is funded by an association of Scotch producers and offers a Disney-like ride through the history of Scotch production. The whiskey novice is whisked away into the darkness in a spinning whisky barrel that winds its way through a series of scenes set with models and wax figures portraying the history and production methods of Scotch whisky. Upon departing the barrel-carriage, the newly educated visitor is handed a sample of the spirit.

Walking south from Old Town, one enters the Grass Market, once an agricultural market and a site for public hangings, and now a maze of quaint, upscale shops. In addition to

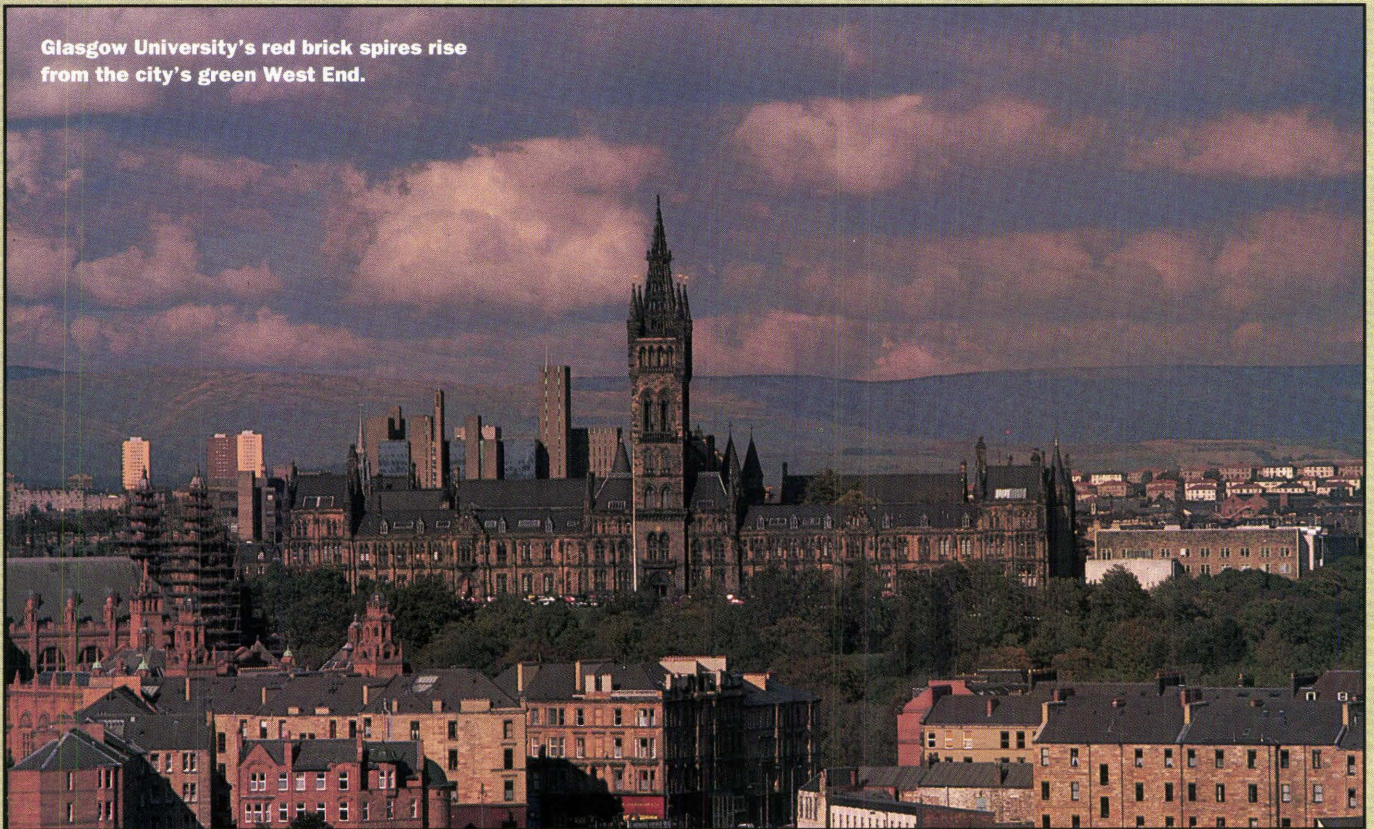
designer clothes and antiques, shoppers can also find just about any type of broom or brush at Robert Cresser’s Brush Shop. If you crave cheese, Iain Mellis-Cheese Monger offers a sublime array of the world’s best; and bibliophiles can discover innumerable printed treasures in The Old Town Book Shop, which specializes in antique editions.

Royal watchers will note that Edinburgh features the queen’s official residence in Scotland, the Palace at Holyroodhouse. Due east from the castle, the palace is open for public tours when the royal family is not there. Beyond the palace is Holyrood Park, formerly the royal hunting ground, now the domain of joggers and bicyclists.

Also, Edinburghers especially take great pride in their zoo. Located just west of the city and spread over 80 acres of park land, the zoo features the largest penguin enclosure in the world. The locals take great pleasure in telling visitors about the Edinburgh zookeeper’s daily habit of taking the formal-looking fowl for a stroll. Some say, however, that in reality the penguins take the zookeeper for a walk. The zoo is also home to several endangered species, including white rhinos and snow leopards.

For tourists who like visiting major festivals, Edinburgh offers one that is much safer than Pamplona’s run with the bulls and features better music than Oktoberfest. Every year since 1947, Edinburgh’s International Jazz Festival has attracted some of the world’s top talents. Be advised that if you’re visit-

Glasgow University’s red brick spires rise from the city’s green West End.



ing during the festival (late August to early September) hotel rooms in the city are scarce.

GLASGOW. In contrast to Edinburgh's conservative, well-heeled image, Glasgow comes across as a big-shouldered, exuberant industrial town. Founded on the banks of the river Clyde, the port city rode the boom created by the Industrial Revolution and also endured the decline of major industries like shipbuilding, coal, steel, and textiles. It still bears the scars from its decline from Victorian Britain's Second City with pockets of slum areas still not reclaimed. Also, the decision to route the M8 freeway through the city just west of downtown further compounded the image of a noisy, polluted city.

But Glasgow offers several surprises. The city's name is said to mean "dear green place," and contrary to the popular gray industrial image, Glasgow features the most city parks in the United Kingdom and also supports a vibrant arts community. Four years ago, Glasgow was named European City of Culture, besting the likes of Paris, Athens, and Amsterdam for the honor.

Ironically, the Glasgow art scene is centered mostly around a park in the West End named after a famous Glaswegian scientist. One would surmise that Lord Kelvin would approve of the green expanse named Kelvingrove Park in his honor. Situated near the center of the park, the monstrous, red-brick Kelvingrove Museum and Art Gallery stands as testament to Glasgow's 19th century glory. The art collection attracts art enthusiasts worldwide and includes many Scottish works among a strong number of Impressionist pieces and paintings by Rembrandt, Constable, Botticelli, and others.

Just north of the park is the University of Glasgow's Hunterian Art Gallery. The museum houses paintings of the 16th-20th centuries and includes a special collection of works by James Whistler, whose estate was bequeathed to the museum. The Hunterian also features the house of Charles Rennie Mackintosh, hailed as Glasgow's greatest contributor to 20th century architecture and design. The house, which was demolished and carefully reconstructed about 80 yards away on its current site next to the museum, features Mackintosh's orig-

inal furnishings and decor as well as a variety of drawings and textile designs.

Probably Mackintosh's masterpiece and one of Glasgow's best examples of architecture is the Glasgow School of Art. At 28, Mackintosh submitted the winning design for the structure. Since then architects from around the world have come to admire and critique the building.

East of downtown, several good examples of Georgian and Victorian architecture can be found interspersed among designer boutiques in the area called Merchant City, located around Hutcheson Street. Nearby, Glasgow Cathedral has survived as one of the few medieval churches not destroyed during the Reformation. Begun in the 12th century and completed almost 300 years later, the church is dedicated to St. Mungo, Glasgow's patron saint who figures prominently in Glaswegian legend and lore.

For a glimpse back in time, stop in at the Tenement House, once the address of Miss Agnes Toward, a spinster who saved everything. Now her home from 1911 to 1965 has been maintained exactly as it was when she lived there, providing modern visitors with a look at

TRAVELER'S NOTEBOOK

Vital Statistics

Location: Both are just south of central Scotland. Edinburgh is on the southern side of the Firth Forth in Lothian, just under 400 miles from London. Glasgow is 30 miles west of Edinburgh on the river Clyde in Strathclyde.

Population: Edinburgh 419,000; Glasgow 762,000.

Contacts

Telephone-Fax: The international dialing code for the United Kingdom is 44; the city code for Edinburgh is 31, for Glasgow 41.

Scottish Tourist Board, tel. (41) 204-4772.

Glasgow Tourist Board and Convention Bureau, tel. (41) 204-4772.

Locate in Scotland, tel. (41) 248-2700.

Custom Travel Plan, Will organize and arrange everything, large or small groups, tel. (35) 524-1078.

Edinburgh Hotels

The Howard, 36 Great King St., Edinburgh. tel. (31) 557-3500; fax (31) 557-6515. Originally three private houses in New Town, now the tastefully furnished Howard is convenient for business travelers as well as tourists.

Caledonian, Princes St., tel. (31) 225-2433, fax 225-6632. Historic Edinburgh hotel. Recently restored to

grand its original Victorian splendor.

Glasgow Hotels

Forte Crest, Bothwell St., tel. (41) 248-2656. One of Glasgow's best hotels. Located in the middle of the city.

The Glasgow Hilton, 1 William St., tel. (41) 204-5555. Same as in the states except for the electric kettle in the room. Centrally located, great for business travelers.

Edinburgh Restaurants

The Secret Garden/The Witchery By the Castle, 352 Castle Hill, Royal Mile, tel. (31) 225-5613. Located on the Royal Mile this cavernous upstairs-downstairs configuration of two restaurants was once the spot where witches were tried. The Secret Garden, located downstairs, features lots of natural light and a chef with a deft touch for seafood. Try the monk fish. The Witchery, upstairs, is a bit darker and more formal. Venison and beef dishes are quite tasty.

Pompadour, Caledonian Hotel, Princes St., tel. (31) 225-2433. Festively formal in the evenings (jacket and tie required), this classically French restaurant offers up both seafood and dishes from the terra firma. Located in the elegant Caledonian Hotel, truly a power eatery.

Martins, 70 Rose St. North La., tel (31) 225-3106.

Hard to find but worth the trip best sums this hideaway located in a narrow alleyway between Frederick and Castle streets. Venison and salmon are exceptional. Try the rabbit liver with wild mushroom sauce.

Glasgow Restaurants

Rogano, 11 Exchange Square, tel. (41) 248-4055. Decorated in ultra-hip Art Deco, this Glasgow favorite is divided into three main rooms: the main floor, basement level, and oyster bar near the front entrance. Especially good seafood.

The Buttery, 652 Argyle St., tel. (41) 221-8188. Located next to the M8 motorway in what used to be a Masonic temple, don't let the exterior fool you. Inside the atmosphere is warm and friendly and the fare is hearty. Lamb is a specialty.

Fire Station, 33 Ingram St., tel. (41) 552-2929. Locals recommend the pasta dishes here. As the name suggests, the structure was originally a fire station, built in 1900.

To See

Edinburgh Castle, tel. (31) 244-3101. Open 9:30-5 p.m. daily (till 6 during summer).

Scotch Whisky Heritage Centre, 358 Castlehill, tel. (31) 220-6288. Open daily 10-5.

Palace of Holyroodhouse, Open daily, year-round (except Sundays Nov.-March and during royal visits). Call for times tel. (31) 556-1096.

early 20th century Glasgow life. Also, check out Glasgow's Transport Museum, which retraces the history of modern transportation with a sizable collection of locomotives, ship models, and other vehicles and features some creative multimedia presentations.

Art, architecture, and historical exhibits aside, Glasgow's best feature, by far, is its friendly people. Everyone has endured the just-returned tourist who raves about how friendly the natives were on his or her last trip. At the risk of falling into that cliché, I must give Glaswegians their due. They are, on the whole, jolly folks. Several times I was led to my destination by strangers, and more than once, while tipping a pint at a pub, I was invited to join the locals' revelry.

PLEASURES OF THE TABLE. Both cities offer a healthy variety of restaurants featuring an array of imaginative atmospheres and cuisines. From seafood to steak to pasta to ethnic dishes, let's just say I didn't go hungry. However, it was with much trepidation that I embarked on a quest to sample Scotland's national dish, haggis. Upon discovering that haggis consists of sheep's heart and

lungs prepared with oatmeal and spices and is cooked inside a sheep's stomach, I began to reconsider my pledge to experience the "true Scotland."

Haggis is most often associated with the Scottish tradition of the Burns Supper, celebrating the birthday of beloved Scottish poet Robert Burns on January 25, 1759. More recently, the dish made an auspicious appearance at the 1988 Masters Golf Championship. When Scottish golfer Sandy Lyle won the championship at Augusta, Georgia, he requested haggis for the customary champion's dinner. Its notoriety notwithstanding, most Scottish families serve haggis as regular weekly fare. Students I spoke with said they ate it frequently because it was cheap and reminded them of home.

I first sampled haggis at the Secret Garden restaurant in Edinburgh. I could feel the eyes of my hosts upon me as I looked at my plate of haggis served with whipped turnips and potatoes, called "neeps and tatties." As instructed, I mixed a forkful of haggis with some neeps and tatties and tried not to think of George Bush's ill-fated visit to Japan; however, my worries were in vain. I can

unflinchingly recommend haggis as a delectable and hearty meal.

FUTURE PLANS. Edinburgh and Glasgow both share a bright outlook for the future. The two cities attract the second and third most tourists in the UK after London and are making strong inroads into the incentive travel market, which consists of all expense paid tours that companies reward star employees. The metropolitan area is also developing an extensive high tech industry that both cities are aggressively marketing.

After my brief stay in each city, I concluded that they both merit visiting—and revisiting. Some might accuse me of avoiding a hard analysis, but I am steadfast in my opinion that each offers something that the other doesn't. The blue collar, rough and ready Glasgow would be infinitely less interesting without the nearby contrast of the white collar, coolly refined Edinburgh and vice versa. Perhaps describing Edinburgh and Glasgow as a metropolitan ying and yang is extending the metaphor too far, but then again perhaps not. ☺

Peter Guin is EUROPE's managing editor.

Edinburgh Zoo, Corstorphine Rd., tel. (31) 334-9171. Open daily year-round.

Hunterian Art Gallery and Charles Rennie Mackintosh House, Glasgow University, Hillhead St., tel. (41) 330-5431. Open M-F 9:30-5. Sat. 9:30-1.

Transport Museum, Kelvin Hall, 1 Bunhouse Rd., tel. (41) 357-3929. Open daily.

The Tenement House, 145 Buccleuch St., tel (41) 333-0183. Open April to October daily 12-5. Call for other times.

To Do

Golf: Between Edinburgh and Glasgow, tourists looking for a golf game can choose from more than two dozen courses, including the granddaddy of all courses, St. Andrews. The Scottish Tourist Board offers a leaflet on golfing in Scotland which includes information about arranging tee times, etc.

Bike Rentals: The New Bike Shop, Edinburgh, individual or group rentals, repairs, tel. (31) 228 6633.

Soccer: International matches are played in Edinburgh at Murrayfield. Glasgow's two main clubs, Rangers and Celtic, have a legendary rivalry. Teams generally play on Saturdays during the winter.

Edinburgh International Jazz Festival. The event of the year in Edinburgh held in late August to early September, Contact Edinburgh Marketing for info, tel. (31) 226-6888.

EUROPE

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On November 28, Norwegians will hold a referendum to decide whether to join the European Union, but so far opinion polls give little hope for a majority to vote yes.

The polls, however, could change after Norway's Nordic neighbors hold their own referendums. Finland votes in October and Sweden in the first half of November.

This is the third time in 30 years Norwegians are wrestling with the question of membership in the European Union. In the early 1960s Norway's first application for membership led to a traumatic constitutional debate on whether national sovereignty should be transferred to European Community organs in Brussels. French President Charles de Gaulle's eventual veto of bringing in new members (the British among them) ended Norway's first membership debate. Ten years later, Norwegians debated the issue again in a campaign dominated by economic as well as nationalist arguments.

Normally placid Norwegians found themselves in the grip of a bitter antagonism that destroyed political parties and friendships and split families in a widening national chasm in which urban areas confronted rural regions.

Labor Prime Minister Trygve Bratteli, a highly respected pro-European who

Letter from Oslo

barely survived the horrors of Nazi concentration camps, staked his government on Norwegian acceptance of the membership agreement negotiated with Brussels. The issue was decided in a national referendum in September of 1972 when 53 percent

the issue of EU membership. She argues that the nation state neither safeguards national security, economic welfare, nor national identity by pursuing a policy of isolation.

Ms. Brundtland argues that there is no way around EU membership. After all,

Anne Enger Lahnstein, chairwoman of the agrarian Center Party and dubbed "the un-crowned queen" of the anti-unionist movement, takes a tough, uncompromising, and sometimes fundamentalist stand in her campaign against EU membership. She favors terminating Norway's EEA agreement with the European

Union, which allows free movement of goods, services, labor, and capital.

She said in a recent parliamentary debate that national autonomy and sovereignty are incompatible with EU membership. In one particularly inflammatory statement, she compared the European Union with Yugoslavia, which she noted was "also an artificial union." In her opinion Brussels bureaucrats would destroy the welfare state and the egalitarian Norwegian democracy.

Since 1972, Norway has fared well economically without EU membership, having based its



Will Norway set sail for the European Union or choose to go it alone? Voters decide on November 28.

said no to membership with 47 percent voting in favor.

When the referendum failed, Bratteli resigned and was replaced by anti-marketters who then negotiated a free trade agreement with Brussels.

Now, Norway's Prime Minister and leader of a Labor-led coalition government, Gro Harlem Brundtland, is braving opposition from the trade unions and from within her own party on

Norway exports about 80 percent of its total production to Europe, she says.

Anti-EU opposition, however, is adamant. Slogans like "It is a long way to Oslo but even longer to Brussels" are especially common among traditional anti-unionist areas. One such area is the fisheries-dominated northern region, above the Arctic Circle, where nearly 70 percent said they would vote against membership.

relations on a free trade agreement that excluded Norway's heavily subsidized agriculture and thriving fisheries industry from the common European policies. Most of the anti-EU camp says that Norway's economic relations with Europe should continue to be based on a free trade agreement.

Johan Jorgen Holst, the late foreign minister, said shortly before his death last January that the Norwegian

debate on membership was characterized by narrow perceptions and fear of foreigners and that changes in Norway's foreign and security policy were greater than most Norwegians realized.

He emphasized that the dissolution of the Soviet Union had considerably changed Norway's security situation. Now, Norway shares a border with a Russia shaken by political struggles and economic crisis. Also, the changing face of NATO remains an important consideration. Now, he said, NATO was being shaped by the EU, by changes in the US, and by redistribution of responsibilities and borders in Europe and North America.

The EU opponents in Norway, among them socialist left-wingers who earlier opposed NATO, brush aside these arguments, stressing that NATO and the special US-Norwegian relationship would meet any foreseeable security demands in a changing Europe.

Some 4 million Norwegians occupy an area larger than Britain, and they are Europe's biggest oil and gas producers, energy exporters, and a dominating power in fisheries, metals, and shipping.

A solid trade surplus and economy makes Norway the only country in Europe, along with Luxembourg, to meet the criteria under a projected European Monetary Union.

But the country depends heavily on North Sea oil revenues, which cover huge budget deficits. Fluctuating oil prices and dollar rates are decisive for fiscal policies and long-term programs, observers say.

The Labor government has warned that Norway's mainland industries must have full access to the European market and that this can only be safeguarded by membership and participation in political decisions on ques-

tions of overriding national importance.

The anti-EU movement, vastly outnumbering the pro-Europeans in membership and mass rallies, draws support from farmers and fishermen, political left-wingers as well as from left sections of the ruling Labor Party and among conservatives.

Fishermen oppose membership because they fear that Norway would lose national control over Europe's richest fish stocks to Brussels. They reject a negotiated agreement under which Norway, according to the government, has secured national control in a common European fisheries policy.

Norway's heavily subsidized farmers (some \$2 billion annually) oppose membership because the Brussels agreement in their view would spell economic disaster for farmers and the destruction of Norway's traditional regional policies.

While both camps occasionally use economic factors in their campaigns, the modest role of the negotiated agreement is a striking issue in the battle so far.

As it did before the 1972 referendum, the question of national sovereignty versus European integration arises as one of the most contentious issues regarding membership. On the no side, the word "Union" is the anathema. For over 400 years, Norway was a colony in a union with Denmark. Siding with Napoleon, the Danes were in 1814 forced to hand over Norway to Sweden in appreciation of the Swedish effort on the Allied side. This union broke up peacefully in 1905. In view of this history, the no-campaigners ask why Norwegians should enter a European Union.

The yes campaigners' answer is that the European Union is a union by *choice*, not forced upon the people

and that Norway should actively contribute to building a New Europe along with other democratic nations.

Sweden may well play an ironic role for the final outcome of the membership debate because the government has strategically decided that the EU referendum would take place two weeks after the Swedes vote on November 13. Should the Swedes vote against joining, then Norwegians are almost sure to reject membership. If, however, the Swedes choose to join, the specter of isolation outside the EU is likely to tip the scale over to a pro-EU majority in Norway.

Henry Henriksen is a journalist based in Oslo.

BERLIN

ELDERLY PARTY

Five years after the peaceful revolution in East Germany, the Party of Democratic Socialism (PDS), the successor party to the communist SED, has become attractive for 20 percent of eastern Germans. Many western Germans are at a loss to understand why billions and billions of taxpayers' money is being transferred to rebuild the former East Germany if eastern Germans indulge in nostalgia and vote for a party that suppressed them for more than 40 years. Compared with election successes in other post-communist countries, the recent confidence boost for the PDS in eastern Germany may seem modest. "But," says Heinrich August Winkler, professor of contemporary history at the Berlin Humboldt University, "there are signs that the PDS is about to establish itself within the western German left and thereby shift the political coordinates in the long-term." The setting up of a red-green (Social Democrats-

Greens) minority coalition in the eastern German state of Saxony-Anhalt last July, which depends on PDS's support, is a precedent despite loud denials by the leaders of the SPD and the Greens.

Who are the members of the PDS? Almost two-thirds of the 131,000 members are pensioners. Only one quarter of them are employed. According to a study by the Central Institute of Social Research in Berlin, 38 percent of PDS members are older than 65. They lived through the Hitler era and belonged to the founding generation of the former communist German Democratic Republic (GDR). A further 33 percent of the members were born between 1930 and 1939. Their professional life began in the former GDR. So two-thirds of today's PDS members can be described as pioneers of GDR socialism whose lifework has failed.

The PDS is therefore a party of the old with hardly any young or very young members. Only 7 percent belong to the age group between 18 and 34. In comparison, the proportion of the young within the CDU-CSU and SPD is 14 percent, and among the Greens and the eastern German citizen rights group, Alliance 90, as high as 32 percent. The age range of PDS voters is just the opposite. One quarter of the PDS voters is between 18 and 34 years old, and 39 percent belong to the age group 35 to 54. Another revealing trend is the party's popularity among the former intellectual elite of the GDR. About 20 percent of PDS members are artists, intellectuals, teachers, and scientists.

According to the study, the defining characteristic trait of PDS members and voters is their keen interest in politics. The PDS base is, therefore, highly motivated and can easily be mobilized at

elections. The same cannot be said of the other parties, and as a result PDS benefits from overall low election turnouts.

Three factors account for the PDS electoral success. First, it inherited the local grassroots organization of the former East German Communist party (SED), which, before unification, had 2.3 million members. The PDS has remained active at the local level. "That's our great strength," says Lothar Bisky, chairman of the PDS. "The established western German parties never developed a proper grassroots network in eastern Germany.

Second, for easterners, the PDS is seen as a viable social democratic party, as Rudolf Scharping, head of the Social Democrats, has failed to convince them that he has policies which are ideologically distinguishable from those of Helmut Kohl's CDU.

Third, the PDS is seen as *unsere Partei* or "our party" as PDS voters say: "We are not commies. We are not hardliners. We are East German democratic socialists, despite what the *Wessis* (West Germans) say."

Almost half of all easterners regard the PDS as "a normal democratic party." The pollster Elisabeth Noelle-Neumann found that shortly after unification in 1990 more than 40 percent of the population in eastern Germany said that democracy was the best form of government; 19 percent thought "there were better ones;" and 40 percent were undecided. The number of convinced democrats in eastern Germany has dropped in 1994 to 31 percent; 29 percent now say that other forms are better; and 41 percent are still undecided. But a majority of PDS supporters (57 percent) say that other forms of government are better. By contrast, for 76 percent of western Germans, democracy is

the best form of government.

In another study published by Noelle-Neumann, 47 percent of easterners do not blame the restyled communists of the PDS for the disastrous mistakes committed by the SED, while 53 percent of western Germans believe that PDS is "co-responsible for the events in the former East Germany."

"After 45 years of socialist indoctrination, democratic convictions do not descend from heaven," says Noelle-Neumann. The same applied to 13 years of Nazi dictatorship. "It took almost 30 years for democracy to take deep roots in two-thirds of the population in West Germany," she concludes.

—Wanda Menke-Glückert

LUXEMBOURG

WINNERS AND LOSERS

Domestic issues—ranging from the country's recession to its immigration policy—dominated discussions in Luxembourg with the national legislative elections overshadowing the races for seats in the European Parliament. That reflects the same trend in the other member countries of the European Union, except the United Kingdom, where the EU's future was vigorously debated.

There was little surprise here when the 225,000 votes were counted for the country's unicameral Chamber of Deputies, which has 60 members elected for five-year terms. Among the 12 parties and 500 candidates who campaigned, the ruling center-left coalition of the Christian Social People's Party (CSV) and the Socialist Worker's Party (LSAP) gained control of 38 seats, down two from the last election in 1989. Prime Minister Jacques Santer, who has headed the CSV for the past 10 years, led his party to win 21 seats while the LSAP party of Foreign Minister Jacques Poos

garnered 17 seats. The opposition, the Democratic Party (DP), held 12 seats; a pro-pension party lost one to control four seats; and the two green parties took five seats total.

Legislative power lies with the chamber. The country is governed by a constitutional monarchy. The Grand Duke is the hereditary head of state and appoints the Council of Ministers, which is similar to a cabinet in the US federal government. The prime minister exercises power that is officially vested with the Grand Duke.

Seeing unemployment soar from zero to an historic 3 percent in February, the Lux-



Seeing unemployment soar from zero to an historic 3 percent in February, the Luxembourgish have grown increasingly concerned and insecure about their economy and, more broadly speaking, the role they can play within the EU.



embourgish have grown increasingly concerned and insecure about their economy and, more broadly speaking, the role they can play within the EU and in competing regionally and internationally. The Rhode Island-size state of 400,000 people fears that its sovereignty is being irrevocably lost to Eurocrats in Brussels. Voters also worry about the rise in petty crimes.

Voting is compulsory in Luxembourg so turnout was high, about 90 percent, for the European Parliament elections. Luxembourg controls six seats, which is far more per capita than the other EU

members. In contrast, Germany controls 99, while France, Italy, and the UK each hold 87.

While the Euro-elections delivered sharp rebukes to ruling governments in the UK, France, and Spain, the results mirrored the national returns but did yield one surprise. The Green Party gained one seat at the expense of the CVP, which now controls two seats. The Greens were expected to follow an EU-wide trend and lose ground. The LSAP held onto its two seats while the DP kept its one seat.

While the Maastricht Treaty requires the member countries to allow any citizen of an EU member to vote even though the person is not a national of that particular country, Luxembourg was granted a concession. Since nearly one-third of its residents are immigrants from other EU countries, Luxembourg fears its national identity will be lost if it were to allow its residing EU citizens to vote in its elections. For this reason, citizens of other EU countries must reside in Luxembourg for five years before they can vote at its polls.

During this term, Euro MPs will work on the most decisive issues affecting the next stage of the EU's development, including economic and monetary union, institutional reform, and the admission of new members (Austria, Finland, Sweden, and Norway in 1995). They will also vote on a 1996 constitutional convention on the EU's future.

—James D. Spellman

LISBON

CENTENARY CELEBRATIONS

For Portugal, 1994 is a year filled with centenaries. Twenty years ago a bloodless left-wing military coup ended almost half a century of ex-

treme right-wing dictatorship. It's 500 years since Portugal and Spain divided the world up among themselves in the Spanish town of Tordesillas. And this year marks the six hundredth anniversary of the birth of Prince Henry "The Navigator," who laid the foundations for a world empire. Henry, the son of King John I, founded a navigation school in the southwestern town of Sagres, which brought together leading European cartographers, mathematicians, sailors, and shipbuilders.

Portugal's ventures to unknown shores began with a small step, when it captured the fortified northern African town of Ceuta—a trading center for gold, ivory, and spices—from the Moors in 1415. By 1432, Portuguese ships had reached the island groups of Madeira and the Azores, nowadays semi-autonomous regions of Portugal. Pushing on along the western coast of Africa and attracted by the prospect of huge gold reserves, the Portuguese hit on the Cape Verde Islands (1444) and the Congo region (1482), which was to become the colony of Angola.

As Portugal ascended to become the world's leading trader of gold and slaves, Bartolomeu Diaz brought India within reach when he sailed around the Cape of Good Hope in 1488. After settling in what was later the eastern African colony of Mozambique, Admiral Vasco da Gama finally reached India in 1498. The achievement will feature prominently in the program of Expo '98, the next major event to be staged in Lisbon following the city's stint as European Cultural Capital this year.

Four years before Da Gama's great feat, Portugal and its powerful neighbor and colonial rival Spain had called on the Vatican to mediate in a territorial dispute. Based on a Papal decree of

1455, which said any known or unknown territories south of the Canary Islands should go to Portugal, Lisbon claimed sovereignty over new land discovered by the Spanish-paid Christopher Columbus in 1492. In 1494's Treaty of Tordesillas, Portugal and Spain agreed that any land to the east of an imaginary line drawn 370 leagues west of the Cape Verde islands should belong to Portugal. This gave Portugal sovereignty over Brazil when it was discovered in 1500. By 1557 Portugal had also established strategic points in Ormuz, Goa, Malacca, Timor, and Macau and completely dominated world trade.

However, during Spain's 60-year rule over Portugal (1580 to 1640), Portugal soon began losing its positions in Asia, as Britain challenged any land held by its Spanish enemies. Portugal managed only to hold on to Macau, East Timor, and the Indian towns of Goa, Diu, and Daman, which India reconquered in 1961. Angola, Mozambique, Cape Verde, Guinea-Bissau, and Sao Tomé and Principe became independent after democracy was restored in Portugal in 1974. East Timor was annexed by Indonesia in 1976 before decolonization was complete, and Macau—a Chinese territory under Portuguese administration—reverts to Chinese rule in 1999.

—Peter Miles

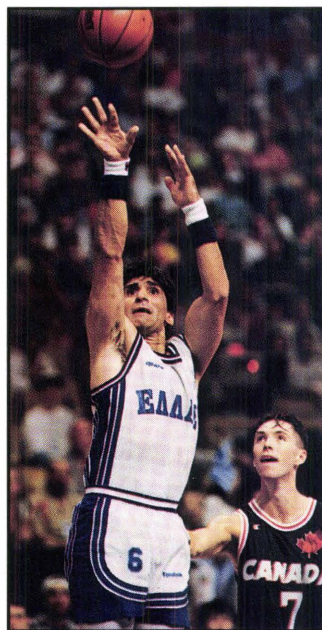
ATHENS

SPORTING RENAISSANCE

Greece's strong performance at the world basketball championships in Canada did much more than cancel out the humiliating showing by the country's soccer team at the World Cup earlier in the summer.

Finishing fourth in the contest underlined how far the country's most popular sport among young people (older generations still prefer soccer) has come since Greece won a surprise victory in the European basketball championships in Athens in 1987, edging the powerful Soviet squad in the final seconds.

Despite a row involving Greece's star center and top scorer, Panayotis Fassoulas, that sent their coach home just before the start of the competition, Greece defeated European champions Germany and the favored Canadian team on their way to the semi-finals.



Stars like Panayotis Fassoulas are helping win Greek youngsters over to basketball.

For years, professional basketball in Greece remained in the shadow of soccer, with the main clubs—Ares, Olympiakos, and Panathinaikos—bearing the same names as first division soccer teams.

But with the nation's attention focused on the soccer field, basketball developed a sound professional base. Then, thanks to Nikos Gallis, the dependable, high-scoring

Greek-American star who took Ares to international fame, the sport captured the imagination of Greek fans.

Now Greece's leading club sides, boosted by a handful of imported players, reach the final rounds of international club tournaments almost every year. They have done even better since several players from the former Yugoslavia—a major European basketball power—have come to play on Greek teams.

Greece's sporting renaissance goes beyond basketball. Even if the soccer team—elderly by international standards with several players in their 30s—failed to win a game at the World Cup, the experience will boost the domestic game.

In track and field, too, Greece has started to produce world class athletes. Voula Patoulidou's gold medal in the 110 meter hurdles at the 1992 Barcelona Olympics was the first ever won by a Greek woman athlete.

At this year's European championships in Helsinki, Patoulidou qualified for the long jump finals. Two Greeks made the final round of the men's high jump, while Kostas Koukodemos took a bronze medal in the men's long jump and sprinter Alex Terzian finished seventh in the men's 100 meters.

First-class facilities for track and field were developed in Greece in the 1980s, when the government launched a sports program designed to provide all the facilities needed for staging the centennial modern Olympic Games in Athens in 1996.

As things turned out, Athens lost its bid to host the games to the city of Atlanta. But it now looks as though there will be more Greek athletes meeting the Olympic qualifying standards for the 1996 Atlanta Olympics than ever before.

—Kerin Hope

DUBLIN

WHAT'S THE BEEF?

The report of the longest and most expensive public inquiry ever held in the country has just been published, and nobody seems happy except the lawyers whose expenses may total \$60 million. The report, which is almost 1,100 pages long, is the fruit of the Tribunal of Inquiry into the Beef Processing Industry, which was set up after a program on British television exposed a wide series of abuses by Irish firms benefiting from the so-called "intervention system" of the EU's common agricultural policy.

The principal firm involved was the Goodman organization, but the television program gave a damaging political twist to its portrayal of abuses by alleging that Larry Goodman, one of the wealthiest businessmen in the country, had in 1987-88 used political connections with the then Fianna Fail government to have a blind eye turned to its flouting of the law. This allegation was rejected in the report

of the chairman of the tribunal, Mr. Liam Hamilton, a senior judge of the High Court.

But long before the television program, opposition politicians had also been asking awkward questions about the allocation by the then minister of Industry and Commerce, Albert Reynolds, who is now prime minister, of export credit insurance. Reynolds had approved large amounts of cover for Goodman exports of beef to Iraq during its war against Iran, against the advice of most experts at the time.

Again, the Hamilton report rejects the allegation that Reynolds acted as he did because of Goodman's connections with ministers and contributions to Fianna Fail's election expenses. But criticism of Reynolds persists for not spotting that up to 40 percent of the beef being exported with insurance cover from the Irish taxpayers was not Irish at all but came from outside the country. The minister did not notice either that large quantities of the beef came from EU intervention stores instead of being fresh commercial beef.

One of Mr. Reynolds's severest critics at the time

was the leader of the Labor Party, Dick Spring, who since 1993 has been deputy prime minister in the coalition government with Fianna Fail. Hence, the huge interest in the outcome of the tribunal.

If the political charges against Reynolds had been upheld, Spring could have been forced to withdraw from the present government and cause a political crisis. Instead, Reynolds issued a statement within hours of receiving the report that he had been "totally vindicated." As nobody else at that stage had had a chance to examine the lengthy document, the first media reports were favorable to Reynolds, but since then, his critics, including Spring, have pointed out that the policy followed by Reynolds toward beef exports credit insurance was disastrous from the taxpayer's point of view.

However Spring and other critics accept the finding that Reynolds has been cleared of any personal wrongdoing, and the government seems set to continue although with less mutual trust between the two parties.

Meanwhile, outrage is still being felt that the tribunal,

which went on for a record 226 days resulted in such a bonanza for top lawyers who were paid at the rate of \$2,500 a day. This is the last of these kind of public inquiries, Reynolds has promised.

—Joe Carroll

AMSTERDAM

THAT'S NO BULL!

Herman, a hefty 1,400-pound Holsteiner, is the best-known bull in the Netherlands and the world's first transgenic bull.

Herman, now four years old, began as an embryo that was injected with the human gene lactoferri at the Leyden laboratories of Gene Pharming. The gene will enable his female offspring to produce milk with a human protein that will be used to improve industrially produced baby formula. Conventional baby formula made from cow's milk lacks the enzymes lactoferrin and lysozyme that are found in human breast milk. When these enzymes are added to the formula, they help improve a baby's immune system and ability to absorb iron. They also act as

NEWSMAKERS

The Austrian society for the protection of lederhosen—leather shorts worn while yodeling on the mountain tops—is celebrating its third anniversary this year. Its president, **Bernard Stücklschwaiger**, founded the society by foraging through garbage cans and rescuing lederhosen that had been discarded by people who did not want to look like they were auditioning for a sequel to *Heidi*.

But lately the pickings have been getting poorer. Trendy youngsters have started to adopt the leather pants as a fashion accessory—showing off their knobby knees in them

in the summer holidays or even in church on Sunday. Stücklschwaiger is not as gratified as he might be by this rehabilitation. His society's rules specify that lederhosen should be worn in all seasons and places, including the office.

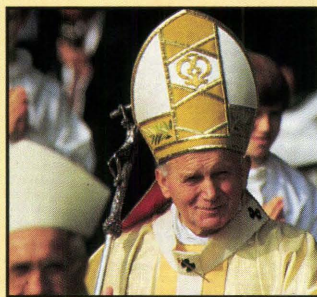
To finally give them the respect that has hitherto eluded them, he is opening a museum of lederhosen in his hometown of Bad Ischl.

•••

Its global launch this month is being hailed as the literary event of the decade. The publication of a 230-page essay written by **Pope John Paul II** will make him the first incumbent pontiff to bring out a non-theological work

since Pius II wrote a bawdy play back in the 15th century.

The idea for the book came to the Pope last year after ill



Pope John Paul

health forced him to cancel an interview on Italian television—the first he had ever granted. He began to formulate answers to the 20 questions submitted to him by the Ital-

ian journalist **Vittoria Messori**, and these, plus 15 other themes, have resulted in a 35-chapter volume entitled *Crossing the Threshold of Hope*.

The Pope is not a novice author. In his youth, when he was a student of Polish at Krakow University, he wrote numerous poems and several plays. Since ascending the throne of Saint Peter in 1978, he has produced 64,000 pages worth of published letters, sermons, speeches, and apostolic exhortations, with his biggest popular success to date being the Catholic Church's new Catechism.

Crossing the Threshold of Hope is expected to sell over 10

a natural antibiotic to prevent gastrointestinal infections.

Herman, however, has provoked a storm of controversy. The media has been awash with editorials debating the ethics of biomedical engineering will eventually lead. A Dutch society for the protection of animals has started a campaign against the genetic manipulation of cows, and protesters have plastered city streets with posters of a woman with udders instead of breasts. The controversy has been further compounded by reports that Nutricia, a Dutch baby food producer, concealed details of its 1990 contract with Gene Pharming. When Nutricia's involvement was revealed and the company was threatened with consumer boycott, it hastily put on hold its cooperation with Gene Pharming, the Dutch subsidiary of GenPharm International in California.

The Dutch government is a bit embarrassed by the public controversy about the transgenic bull. Parliament approved the breeding with Herman in 1992, and the government has funded the research with substantial grants and a development loan to be

repaid when the project succeeds. Scientifically and economically, that success seems to be assured. Herman has produced eight transgenic cows, which will start giving milk with the human enzymes next year. By 1998, Gene Pharming will have more than 100 cows producing genetically engineered milk, which Nutricia had planned to market.

The Dutch dairy industry views the project as integral to its future development, and Herman appears to be a big technological success. From a public relations standpoint, however, he has a long way to go.

—Roel Janssen

ROME

ISLANDS FOR SALE

In addition to the tumultuous beginning of the Berlusconi era, Italians will remember the summer of 1994 for two issues that greatly affected the country's tourism sector. The first is the deluge of foreigners, who took advantage of the depreciated lira and descended on many traditional vacation spots. The second is the

boom among small islands put up for sale or lease.

For those interested in leasing a snug island abandoned in the Venetian lagoon, a brief swim from Venice and the Piazza San Marco, the city of Venice will put as many as 13 of them up for auction this fall. Potential buyers should not be frightened off by the cost. "On the price, we can certainly reach an agreement," assures an official at city hall. "What interests us is that the lucky leasers will have to guarantee the restoration of any building located on the island." The administrators' goal, in substance, is to save old farm buildings and houses from decades of deterioration. Investors whose bids are selected will have 60 days to submit a restoration proposal, which has to meet environmental standards.

Other properties are available for those who prefer to own rather than lease. The Li Galli islands, located in the Gulf of Naples across from Positano and Capri, are for sale. The most recent owner, the late ballet star Rudolf Nureyev, bought them from the heirs of famous Neapolitan

actors, the De Filippis. In turn, Nureyev had arranged in his will to put the islands under the management of a foundation, but legal snafus have put Li Galli back on the market. Unlike the Venetian lagoon opportunities, Nureyev's islands will cost a pretty penny. A few years ago they were reportedly valued around \$2.8 million.

A bit more expensive at \$3.5 million, Marinella, located on the Costa Smeralda off of Sardinia's Emerald Coast, is considered one of the choicest areas of the Mediterranean. The island comes with a seven-room house and, in a second building, baths, a bar, and other facilities. All totaled, nine acres of Mediterranean brush, enlivened by such fauna as hares, grouse, and blackbirds, is surrounded by white sand beaches. One special feature not available on most islands is that Marinella can be reached on foot, depending upon the tides, thanks to a strip of barely-submerged land about 50 yards in length. As neighbors, you will have His Highness the Aga Khan and Prime Minister Silvio Berlusconi, who has a sum-

million copies worldwide and generate profits of some \$100 million, all going to charity.

•••

One of the UK's leading inventors has come up with the solution to a problem that has been foxing electronics giants like Philips and Sony for a decade. **Willie Johnson** has developed a coating that brings crystal-clear images to all kinds of screens, including televisions, computers, cameras, billboards, projectors, and movie screens.

Unlike the big companies, who have invested billions trying to create high-definition television electronically, Johnson approached the

issue from the opposition end. He worked on a coating for screens which "re-mixes" incoming light so that the eye does not see the black areas between the tiny electronic dots that make up an image.

Johnson perfected his process, called Microsharp, with the help of Professor Nick Phillips, a specialist in holography at Loughborough University. It took nearly 10 years and stripped him of his valuable collection of antique furniture, but in July he signed a multi-million dollar deal with Nashua, one of the largest makers and processors of film in the United States.

Nashua estimates that Microsharp will cost as little as 35

cents per square inch once it has gone into mass production and will be worth over \$1 billion within the next 10 years.

•••

German property tycoon **Jürgen Schneider**, 59, who disappeared in March, owes his creditor banks an estimated \$5 billion in debts. He packed up some of his favorite tailor-made double-breasted suits and his Gucci loafers, took along, so rumor has it, enough cash and jewelry to keep a small nation afloat, and simply vanished.

Besides his debts, he left behind the 19th century castle from which he ran his operations, his Lear jet, two hol-

iday homes, and a stack of corporate documents.

Two of his former managers realized that confidential information about "The Schneider Affair" was a precious commodity and began selling documents to the German press. When demand quickly outstripped supply, the pair started forging the sought after papers.

They have now been arrested, but it almost seems a shame to prosecute them. As one police spokesman put it: "At least the two have been more lucky with salvaging some cash from the Schneider fiasco than most of the other creditors."

—Ester Laushway

mer residence nearby.

Finally, it has been reported that two more pearls of the Mediterranean may soon be re-opened to the public. Although the islands of Pianosa, off Tuscany, and Ventotene, off the Latium and Campania coasts, have long offered sun, sand, and scenic Mediterranean vistas, they have suffered an image problem. For decades they both have hosted maximum security prisons, where the most dangerous Mafia bosses are locked away. Now there is a law which stipulates that before the end of 1995, the state will give up the islands and move the prisoners somewhere else. Many are worried that moving the prisoners to other, perhaps less impenetrable, locations could be dangerous in light of who they are. But others see only the business opportunities. Tourist and hotel building organizations are already inquiring.

—Niccolò d'Aquino

COPENHAGEN

ECONOMIC BRIGHT SPOTS

A new mix of economic factors suddenly changed the calculus used by investors in buying Danish stocks, forcing a sudden reversal this summer of a rally which once had enthusiasts facing a long life span and another 10 to 20 percent gain in share prices by December this year (after a 40 percent gain in 1993).

Prices for stocks trading on the Copenhagen Stock Exchange (CSE) fell by 5 percent through mid-June, forced down by a weak US dollar, and real and anticipated rises in interest rates in the US and Europe. Denmark mirrored then what had occurred in Europe's other stock markets. In one day, June 20, the KFX index of the top 20 companies fell 2.5 percent.

As of early August though,

the CSE rebounded, up 9.7 percent in dollar terms to rank sixth in performance worldwide, with the composite index for all the European stock exchanges up a marginal 0.5 percent.

With the outlook less clear now than a few months ago and the dynamics seemingly more turbulent, stock markets worldwide are venturing across choppy waters. Despite this, analysts are optimistic about Denmark's economy and the profit outlook for its companies. Unibors Securities expects the country's gross national product (GNP) to increase 3.5 percent this year, seven times last year's pace. J.P. Morgan and the government are even more optimistic, forecasting a 4 percent increase. Jyske Bank says that the principal industrial indicators are at the same level that they were in the boom years of 1984 and 1985. Four percent growth would make Denmark one of Europe's fastest growing countries.

All this could sour though if the world economy abruptly turns sluggish, thanks to a slowdown in the US expansion, which could be ushered in by higher interest rates. Denmark's stubbornly high unemployment rate of 12 percent could also constrain its ability to sustain growth.

With interest rates holding stable and inflation tamed at 2 percent, earnings potentials are now seen as the locomotive powering the Copenhagen bourse, replacing the role held by interest rate cuts during the last year. Hanne Bonnevie, an assistant vice president at Unibors, expects total earnings to climb 42 percent this year and 26 percent in 1995, with banks and the trade and industry sectors driving the economy. This outlook puts Denmark at the top compared to other European countries, according to Jyske Bank.

For banks, the higher re-

venue will result from lower loan loss provisions, cost savings achieved during the recession, and growth in loan demands. Earnings growth will be tremendous for the trade and industry sectors, which will squeeze more profits out of sales because operating costs have been slashed.

The attractiveness of investment opportunities in Denmark has resulted in a 119 percent increase in transitions in Danish stocks and bonds by US investors between the last quarter in 1993 and the first quarter this year. That compares to a 22.2 percent average gain for the European Union and a 23.1 percent rise worldwide according to US Treasury Department statistics.

Americans can invest in Danish companies through broad-based Europe region funds (there is no single mutual or closed-end fund that invests exclusively in Denmark), American Depository Receipts (in which a bank handles the dollar conversions of dividends and Danish share prices), and direct purchase of shares through a Danish broker.

—James D. Spellman

PARIS

THE WRECK OF THE ST. GÉRAN

It was a peaceful, moonlit night in 1744 when the St. Géran, a ship belonging to the *Compagnie des Indes* (the East India Company), was caught by treacherous currents and swept onto the coral reef surrounding the Ile de France, a small French colony in the Indian Ocean. Of the 200 people onboard, only nine survived the violent tug-of-war with the sea which smashed the ship in half and scattered her remains. Yet had it not been for the tragic shipwreck, one of the most fa-

mous French novels of all time might never have been written, and the idyllic island where it happened, now called Mauritius, might never have been discovered by European vacationers.

Twenty-four years after the St. Géran went down, French author Bernardin de Saint-Pierre visited Mauritius. Inspired by its natural beauty and by the pathos of a ship sinking within sight of its palm-fringed shores, he penned a pastoral love-story about two innocents growing up in this tropical Garden of Eden. *Paul et Virginie*, when it was published in 1788, introduced a new genre—the exotic novel—into French literature and effectively launched the island's now flourishing tourist industry.

Bernardin de Saint-Pierre used the wreck of the St. Géran for the heart-rending finale to his romantic tale. But he made free use of poetic license to translate fact into fiction. He added his heroine, the virtuous Virginie, to the passenger list of the ill-fated ship, conjured up a mighty storm, and then had Paul watching helplessly from the shore as his beloved is dragged down by the waves because she is too modest to take off her clothes and swim for it. After mourning over her fully dressed corpse when it washes up on shore, Paul does the decent thing and dies of a broken heart.

In spite of enough overblown sentiment to make a Barbara Cartland novel seem understated by comparison, the story of *Paul et Virginie* is now coming up to its six hundredth edition; has been translated into 20 languages; has inspired dozens of other books, paintings, plays, and compositions; and has been evoked on everything from postage stamps to lottery tickets. Far more people know how Virginie drowned than how the St.

Géran really sank. Every year tourists come to Mauritius expecting to find the grave of the fictitious lovers.

It took over two centuries for some actual remains of the St. Géran to be recovered. In 1979 a French team of marine archaeologists found the ship's brass bell that was rung on that moonlit night long ago to summon passengers and crew on deck. They also unearthed some of the thousands of silver piastres, or pieces of eight, that had been destined for the coffers of the island's governor. The currents have scattered them far and wide, so that any diver in the area might come across a bit of the ship's treasure.

It has now been 250 years since the wreck of the St. Géran, but the ship that put Mauritius on the map has still not sunk into oblivion. Her salvaged remains are preserved in the island's museums, while other parts are still waiting to be discovered on the seabed. She is regularly reproduced in delicately worked wooden models which are sold in shops and hawked on the beach, and a special series of commemorative stamps has been issued this year to mark the anniversary of her loss. For a ship which met such a sudden and tragic end, it has turned out to be a long and happy afterlife.

—*Ester Laushway*

MADRID

THE NEW MILITARY

Few Spanish men have fond memories of doing their *mili*, that period of mandatory military service. Many times they were shipped off to some post far from hearth, home, and girlfriend and spent up to two years in boring, sometimes brutal, conditions.

Some draftees have such a rough time that suicides are

not that uncommon.

So it comes as no surprise that increasing numbers of young men coming of draft age are claiming status as conscientious objectors to avoid their stint in the armed services.

At the present, there are some 10,000 such objectors who have also refused to perform any alternative service and almost 200 of these are serving prison terms.

According to the Spanish constitution, "Spaniards have the right and the duty to defend Spain" and so the situation is forcing the government to make the draft more appealing by improving the lot of the conscripts.

Over the past several years the authorities have reduced the obligatory service term from one year to nine months and made sure that only professional soldiers serve in those units attached to the United Nations peacekeeping or observer forces in places such as Yugoslavia, El Salvador, and Mozambique.

And in a recent decision, the cabinet of Prime Minister Felipe González imposed sweeping changes which the government hopes will entice more young men to do what it sees as their duty.

These include a work week of 37.5 hours, the choice to spend nights on the base or with their families (as long as they are back with their units by a certain time), a paid ticket home for leave, and the right to disobey any order they may consider illegal.

Draftees are also not required to salute superior officers when off duty, will receive preference for jobs with the civilian police or in the military bureaucracy once they leave the armed forces, and can have an extended compassionate leave under special circumstances.

—*Benjamin Jones*

BRUSSELS

EURO-EMPLOYMENT

How good a thing is it to be the capital of Europe? The Brussels regional minister of Finance, Joe Chabert, recently commissioned a report to add up the pluses and minuses.

The main finding was that being the headquarters of the European Union has had a very beneficial effect on the job market. Nearly 54,000 people work in or around the European institutions, compared to 45,000 in 1991. This represents about 8 percent of all employment in the Brussels capital region.

The study estimates that by the year 2005 the total Euro-related employment will have increased to 84,000. Of the present total of 54,000, half are Belgians.

The report goes on to highlight the problems of a city that "is emerging as an international workplace to the detriment of a city in which to live." Its population has fallen over the past 15 years from 1.03 million to 950,000, during which the number of Belgians in the city went down by five percent.

This population loss was partly balanced by an increase in the number of non-Belgian Europeans of 3.5 percent, while the total of non-Europeans rose by 6.5 percent. Many of the newcomers, including those working for the EU, were highly paid, and rents in Brussels rose on real terms by 55 percent between 1984 and 1992.

This is the only serious cause of friction between the Belgians and EU officials in a country which is highly enthusiastic about the European Union. It has led to increased support in smart Brussels suburbs for the racist *Vlaams Blok*, the only Belgian political party to oppose membership of the EU.

Another cause of complaint—not mentioned in the report—is the undistinguished architecture of some of the buildings erected for the use of the European institutions. The new European Parliament building has been much criticized for its alleged extravagance, but it is a light and airy structure which adds to the attractions of its surroundings.

The same cannot, unfortunately, be said of the giant new headquarters of the Council of Ministers. This has just been completed across the road from the Berlaymont building, the former home of the Commission, which is currently being reconstructed.

The Council of Ministers building is in the worst tradition of Stalinist official architecture, and has privately been dubbed "Ceausescu's Palace" by Jacques Delors. Future disasters of this kind could perhaps be avoided by insisting on holding architectural competitions for all major EU buildings. Yet the fault lies, at least partly, with the Brussels regional and municipal authorities. They have been culpably lax in their awards of planning permission.

—*Dick Leonard*

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ARTS & LEISURE

ART

Willem de Kooning: Paintings

The Metropolitan Museum of Art, New York; October 11 to January 8, 1995.

The Tate Gallery, London; February 16 to May 7, 1995.

At 90, his body withered with age and his mind ravaged by Alzheimer's, Willem de Kooning hardly cuts a figure worthy of the title "America's greatest living artist." Once the brightest star of the New York School's hodgepodge universe of Abstract Expressionists, the light of de Kooning's genius—so bold and luminous four decades ago—faded with age and ended when his physical condition forced him to give up painting in the late 1980s.

But if old age and silence have made de Kooning seem feeble or somehow less mythical, it is only because we have grown so accustomed to his work. With bold, passionate words penned with mighty brush strokes and written in an oil paint he himself created, de Kooning's paintings don't so much speak, they thunder with passion, violence and all the subconscious mystery of life.

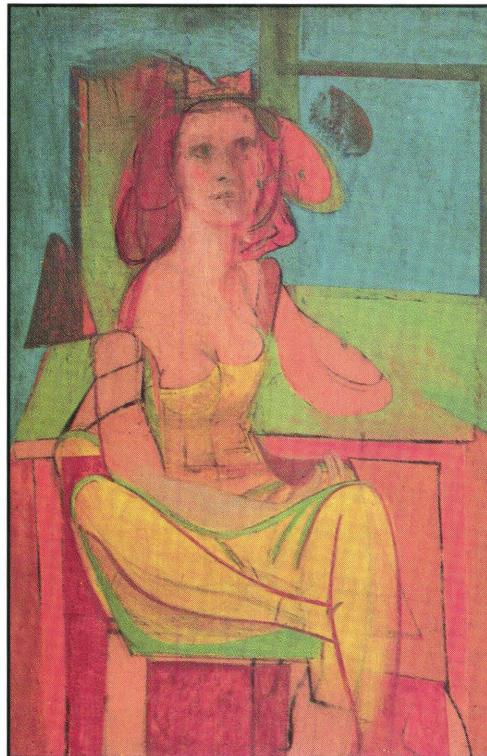
Seventy-six of the artist's most eloquent statements and most deafening roars make up *Willem de Kooning: Paintings*, a traveling exhibition cosponsored by the National Gallery, the New York Metropolitan Museum of Art, and the Tate Gallery of London. The New York leg of the tour represents a sort of

homecoming for the paintings. On display in Manhattan, de Kooning's works will hang only a few blocks from the old haunts of the native Dutchman who once proclaimed, "It's not so much that I'm an American. I'm a New Yorker."

He wasn't always a New Yorker. Born in Rotterdam, the Netherlands, in 1904, de Kooning immigrated to the US at age 22 aboard the steamer *SS Shelly*. A stowaway, he arrived penniless and bounced from Virginia to Rhode Island in search of legal papers, eventually settling in the Dutch seaman's home in Hoboken, New Jersey. Professionally trained as a commercial artist at the Rotterdam Academy of Fine Arts, de Kooning was forced to forsake his skills and went to work painting houses in order to make ends meet. A year later he moved again, this time across the river to New York, almost a decade before the center of the art world would shift from battle-weary Europe to America, and New York in particular, during World War II.

Roaming the bohemian streets of Greenwich Village, de Kooning came in contact with a host of writers, artists, and intellectuals whose influence convinced him to keep painting for himself on the weekends. Finally, in 1935, de Kooning found an opportunity to paint full-time when he

was employed by the Depression-era WPA Federal Art Project. For less than \$24 a week and almost in spite of himself, he had become a painter.



Seated Woman, c. 1940
Oil and charcoal on Masonite

Since then de Kooning has become an American icon. In the Waldorf Cafeteria, the Cedar Street Tavern, and eventually in an 8th Street loft they dubbed "The Club," he and his contemporaries reinvented American art by day, and they sat down to talk about it by night. Theirs was not so much a movement as a movable feast of art, an informal orgy of creativity, buoyed by alcohol and pulled in a hundred different directions by each artist and his individual style.

Willem de Kooning: Paintings is a retrospective photo album of the life and times of the New York School's prize teacher and pupil. Arranged in chronological order and

loosely divided into themes based on the content of each group of works, the exhibition tracks the creative development of de Kooning's half century in front of the canvas. The paintings hang on cool, uncluttered walls almost entirely unfettered with photographs or explanations, as if the museum curators, like de Kooning, believe feeling the works is more important than understanding them. "It is not so much with this particular glimpse, but with the emotion of it," the artist once explained.

Beginning with de Kooning's earliest representations of the human figure, the exhibition establishes one of the two themes com-

mon to almost all of the artist's works: the body and landscape. In figurative and abstract representation, these two elements are constantly repeated in de Kooning's oeuvre. "Even abstract shapes must have a likeness," he asserted, and so he always returned to the body and the land.

Among de Kooning's most controversial works are his depictions of women. For each of the decades he spent painting, the artist has a distinct series of women. At

once cartoonish, misogynistic, sexually electric, and comical, de Kooning claimed his women had been inspired by the female form as idol and icon throughout the ages. Whatever the case, de Kooning's oil-based women continued to haunt him throughout his long life. Even the ethereal and austere curving line abstractions he painted just before putting down his brush in the 1980s pay homage to the human form's fluid symmetry.

Paintings changes moods when one passes into the second half of the show. Here works are featured from de Kooning's 25 year retreat on Long Island. In a studio he designed and built himself near East Hampton, the artist began his return to nature. In the 1960s, landscapes had begun to impinge upon the white space separating his figures from the edge of the canvas. Sometimes represented merely as a streak of color, the landscapes that began to appear in works like *Montauk Highway* and *Suburb in Havana* (both painted in 1958) came to dominate each composition. The trend culminated in the 1970s with works like *North Atlantic Light*, as the artist turned to the ocean for inspiration. "It is the source where most of my painting comes from," he said.

In the 1980s, already bothered by sickness, de Kooning's works became lighter and more ethereal than ever. Somewhere in the corners of his mind, he must have known his art would soon come to an end. A strange epiphany, his last paintings add yet another wrinkle to the artist's character.

As his paintings travel from Washington to New York and on to London, even sequestered in illness de Kooning refuses to be forgotten. *Paintings* has given him one last voice. The last surviv-

ing member of a hard-living generation, de Kooning seems to have taken to heart the words of sometimes member of "The Club" Dylan Thomas and proves with this exhibition that he "rages on against the dying of the light."

—Robert Murdock

The Micro Gallery

Winston Churchill once warned members of the Royal Academy of Arts that, "...Without tradition, art is a flock of sheep without a shepherd. Without innovation, it is a corpse."

Churchill's 40 year old admonition can apply not only to artists themselves but to

with the fundamentals of an art history course. The Micro Gallery is an interactive computerized introduction to the National Gallery's permanent collection, and since 1991 it has enabled a viewer to call up pictures and background information on a particular artist, artistic topic, time period, or geographical area. A visitor can create a self-styled tour of the museum and print out a map. And it is accessible even to the least computer literate. All a user need do is touch one of several choices on the screen to learn about Cubism or religious imagery in art.

"It's sort of a tailored encyclopedia," according to Susan Bloom, the American Ex-

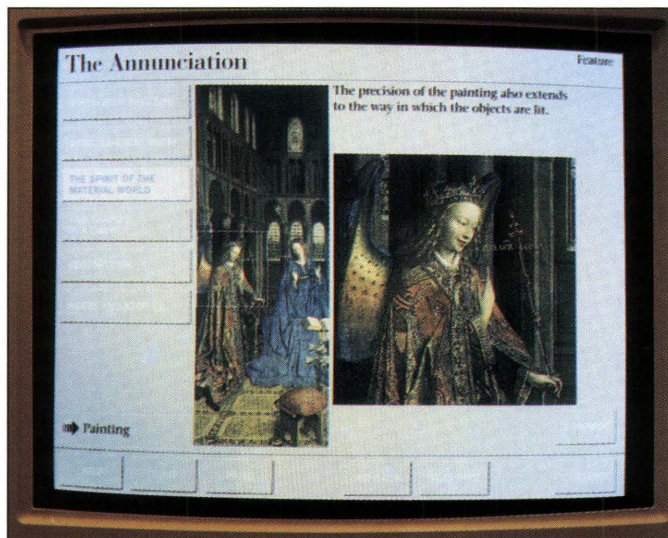
Ltd. to create the program. After five years of innovation and a \$1 million grant from American Express, the gallery unveiled an information room featuring 12 high-resolution screens. Bloom said the frequent lines demonstrate the project's success. "It really supports the museum and also the city as a tourist attraction, and it focuses on the permanent collection. I think that's important."

The Washington, DC, project will also showcase the National Gallery's permanent collection—some 2,500 works of art—and will feature several improvements on the London Micro Gallery: an audio pronunciation tool, the ability to magnify any portion of a painting, and what might be called a greatest hits tour featuring an in-depth look at eight paintings from the collection.

Vicki Porter, curator of the Micro Gallery in Washington, said the National Gallery has been looking for a tool to remedy an all-too-frequent occurrence: Visitors pause a minute or two before a painting and walk away with scarcely more information than when they arrived. "We're doing this primarily to demonstrate how to look at a piece of art," Porter said.

One concern of the project developers was that the computer element not eclipse the actual paintings. "There are a lot of things you need to see the actual work for," Porter said. In London, this fear has not been realized. "People generally don't go see the Micro Gallery and then don't go see the paintings," according to Bloom. She said about one-third of the users see the paintings before they utilize the Micro Gallery.

After next year's opening in Washington, project organizers probably will open the National Gallery's doors to classrooms and personal



The Micro Gallery gives art patrons detailed data on individual paintings, proving high tech has a place among high art.

the museums that present and preserve the artwork. Two museums spanning the Atlantic have taken Churchill's words to heart. They have paired 20th century technology with their Davids and Donnatellos to entice both serious art students as well as a generation weaned on video games.

Their creation is called the Micro Gallery, and visitors to the National Gallery of Art in London may already have marveled at its capabilities. It blends computer wizardry

press Company's vice president of world cultural affairs. American Express sponsored both the project in London and a sister Micro Gallery at the National Gallery of Art in Washington, DC, due to open in the spring of 1995.

The idea originated as London's National Gallery was looking for a new information medium during construction of the Sainsbury in the mid to late 1980s. The gallery hired a tiny Brighton-based software company called Cognitive Applications

computer junkies nationwide. The London Micro Gallery already has a somewhat scaled-down CD-ROM version marketed through Microsoft Corp. Porter said she is not worried that at-home software will steal some of the National Gallery's audience. She considers it an effective marketing tool for art. "If you do the Micro Gallery right, people will stampede to the galleries."

—Christina Barron

FILM

Barcelona

Barcelona, written, produced, and directed by Whit Stillman, who first came to attention with his deft handling of typical yuppie behavior in *Metropolitan*, is a charming, very entertaining, and refreshingly intelligent movie.

Set in Barcelona during the midst of the Reagan era with the cold war still raging and many Europeans pronouncedly anti-American, two American cousins meet up in Barcelona, one a salesman, the other a navy lieutenant.

Barcelona revolves on the theme of the misunderstandings people have about one another, and in Stillman's capable hands the film is at once thoughtful and hilariously funny and often romantic.

There haven't been many films like *Barcelona*. The two fellows—Taylor Nichols as the somewhat reluctantly square Ted and the handsome Chris Eigeman as Fred, the irresponsible navy officer—meet a lot of Spanish girls and soon establish the moral gulf that divides them in unexpected ways. The girls, all gorgeous hostesses at a convention center, are far less sexually inhibited than the fellows give them credit for and more honest as well. "There is something fascist

about a guy who immediately wants to marry the girl he meets and goes to bed with," complains one of the hostesses, and another compliments Ted with "You seem very intelligent for an American."

Stillman has a genius for making these very different young people come alive, and he manages to mix near tragedy with comedy and perceptive philosophy. Some of the scenes are simply a howl, like Ted dancing by himself to a Glenn Miller tune while studying a Bible.



Barcelona is written, directed, and produced by Whit Stillman.

The dialogue is snappy and amusing and somehow utterly real. The Barcelona setting is stunning and the whole thing simply hangs together beautifully. When an anti-American Spanish journalist points to the number of shootings in America as proof that Americans are more violent than Europeans, Fred, the navy man, says defensively: "No, Americans aren't more violent; we are just better shots." *Barcelona* stands out because it's simply a better movie than most.

—Fred Hift

BOOKS

Convergence or Divergence? Britain and the Continent

By Jeremy Black; St. Martin's Press; 316 pages.

Is Britain really the xenophobic odd man out of Europe? Are the British different, economically and politically? Are they really Europeans at all?

These fascinating questions are posed in a new book entitled *Convergence or Divergence?* by Jeremy Black, a

quired an identity by fighting the English and vice versa," Mr. Black writes. He describes how British patriotism, which was reformist in the early 18th century, became conservative in reaction to the French revolution.

And he concludes with an interesting, though typically British analysis of why a united Europe must not attempt to supersede the nation states, which he believes still to be the most convincing political unit.

But his book has many weaknesses. It is written in an obscure, academic style that uses too many nouns. Not everyone will want to tackle a book that contains phrases like "The European myth entails anachronism, teleology, and reification." (And that, of course, is one of the shorter ones.)

But what makes the book especially frustrating is that Mr. Black never really answers the questions he poses. If anything he constantly seeks to minimize the uniqueness of the British experience by pointing out the similarities between Britain and the continent rather than the differences.

Of course, there are similarities and shared experiences. But that does not explain the extraordinary story of how a small offshore island came to dominate much of the globe, creating the most successful Western civilization since the Roman Empire in the process.

Perhaps because he doesn't really approve of all that, Mr. Black seems to like to belittle British achievements and diminish British qualities and talents. He makes the mistake of most historians in failing to recognize the importance of national character in a nation's destiny.

He underestimates the importance of military victories and defeats, and of tradition, in shaping the British character, and ignores one of the biggest differences between

historian at the University of Durham in Northern England, who traces Britain's tempestuous relations with the continent from Roman times to the present day.

Mr. Black offers some good insights into the development of English nationalism, and how it was nourished by conflict with France—in the Hundred Years War of the 14th and 15th centuries, during the French Revolution, and the subsequent Napoleonic wars.

"During the Hundred Years War the French ac-

the British and the French—the British readiness to admit mistakes.

He says Britain was not invaded in World War II because it is an island and misses the influence that being an island has had on the national personality.

But there is gold to be mined in Mr. Black's book by the persistent reader. He rightly describes how Britain came to be distinguished from the continent by the development of common law, its unwritten constitution, Protestantism, and the evolution of a powerful Parliament.

Throughout the centuries, he notes, the British have felt more free than people on the continent, whom they have regarded as enslaved by Catholicism and absolutism.

In the late Middle Ages, for instance, it was argued that "there was a distinction between the free and prosperous English, who supported the crown because it gave good government, with their wealth and bodies, and the abject French, who were compelled into political obedience."

Even the English language may have helped to encode different values—a point fervently believed by Britain's former Prime Minister Margaret Thatcher.

In the late 18th century, the mobility of the English social system was one reason why there was no revolution in England as there was in France. But Mr. Black describes the English reaction to French power under Napoleon as xenophobic, provincial, and nationalistic.

In that period, "the continued failure of British conservatism to establish continental links was to culminate in its isolation within the European Community in the late 20th century."

In Victorian times, Mr. Black writes, "a progressive move toward liberty was discerned in Britain past and

present, a seamless web that stretched back to Magna Carta in 1215 and to other episodes which could be presented as the constitutional struggles of the baronage in medieval England, and forward to the extensions of the franchise in 1832, 1867, and 1884. These were seen as arising naturally from the country's development.

"This public myth, the Whig interpretation of history, offered a comforting and glorious account that seemed inappropriate for a state which ruled much of the globe, which was exporting its constitutional arrangements to other parts of the world and which could watch convulsions on the continent as evidence of the political backwardness of its states and of the superiority of Britain."

Again one senses Mr. Black's disapproval, blinding him to the seeds of truth that the Victorian "myth" contained. Moving closer to the present, Mr. Black appears to be equally disapproving of the influence of the United States over Britain in the second half of the 20th century.

He believes Britain has been too subservient to America and should not have allowed Washington to persuade it to rearm so heavily after World War II, with dire consequences for the British economy.

"In some respects the United States has served for Britain as a surrogate for Empire, providing crucial military, political, economic, and cultural links, and offering an important model," Mr. Black writes. "The strength of these links has compromised Britain's European identity, but in the last quarter-century they have slackened."

Mr. Black doesn't say where he stands politically, but he frequently disparages patriotism and idealistic views of England by linking them to conservatism. Yet he seems to be pleased that

these values are a reason why Britain will not succumb to a European super state.

The historically different British and continental approaches are clearly relevant to today's Europe, with Britain favoring pragmatic, step by step action on "unwritten" lines "while the continental preference was for blueprints, intellectual clarity, and comprehensiveness expressed in constitutional form."

But Mr. Black says, "in defending the configuration and continuity of British practices, politicians are fighting not for selfish national interests but for the sense of the living past that is such a vital component of a people's understanding, acceptance, and appreciation of their own society and identity."

One could argue that there is more that "sense of the living past" in Britain than anywhere else on the continent. Mr. Black quotes another historian as pointing out that Britain's "political and institutional continuity with its 19th century past is unique" in the European Union.

The desire for a federal Europe is felt most strongly by peoples whose nation-states are recent and weak, such as Belgium and Italy; while Britain and Denmark, where the state cannot be described in these terms, are more skeptical about the process, Mr. Black says.

The EU, he argues, has failed to replace the nation-states of Western Europe as a focus for popular identity and thus loyalty. "If this is a measure of its failure, it is also a cause of it."

Mr. Black maintains that the central political problem in any community is the eliciting of consent. And the nation-state, whether or not it best represents its citizens' real interests, is by far the best at doing that.

The EU, he concludes, will be most successful if it

can accommodate the particular interests and views of nation states. "A policy based on superseding those states or making them redundant appears unrealistic."

The "European myth," such as it is, is an echo of the national myths that have played such a major role in the creation of nation-states.

"These myths, however, were grounded in the experience of particular political communities or nations; have, over much of Europe, had centuries to work; can look back on a history of military and political challenges that have been surmounted; and are lent force by the institutions of states that reach into every community and life, for example, through education. In contrast, none of these circumstances is true of the European myth."

Britain, with its own powerful myths, only sought to join the European Community, as it was then called, "when it became a threat to her."

"Furthermore, as Britain only joined after the EC system had been developed to suit interests other than her own, it is scarcely surprising that transition to membership was not easy.

"Institutions and policies in the framing of which Britain had played no part had to be accepted. As a state seeking membership, Britain negotiated from weakness.

"Once a member, successive British governments had only limited success in modifying Community policies, a situation that does not augur well for the future and that has not made the EC popular."

That of course neglects the argument that if Britain had been a "better European" it might have had more influence over its partners. But one suspects that whatever his misgivings about patriotism, Mr. Black in the end wants Britain to remain an island.

—Reginald Dale



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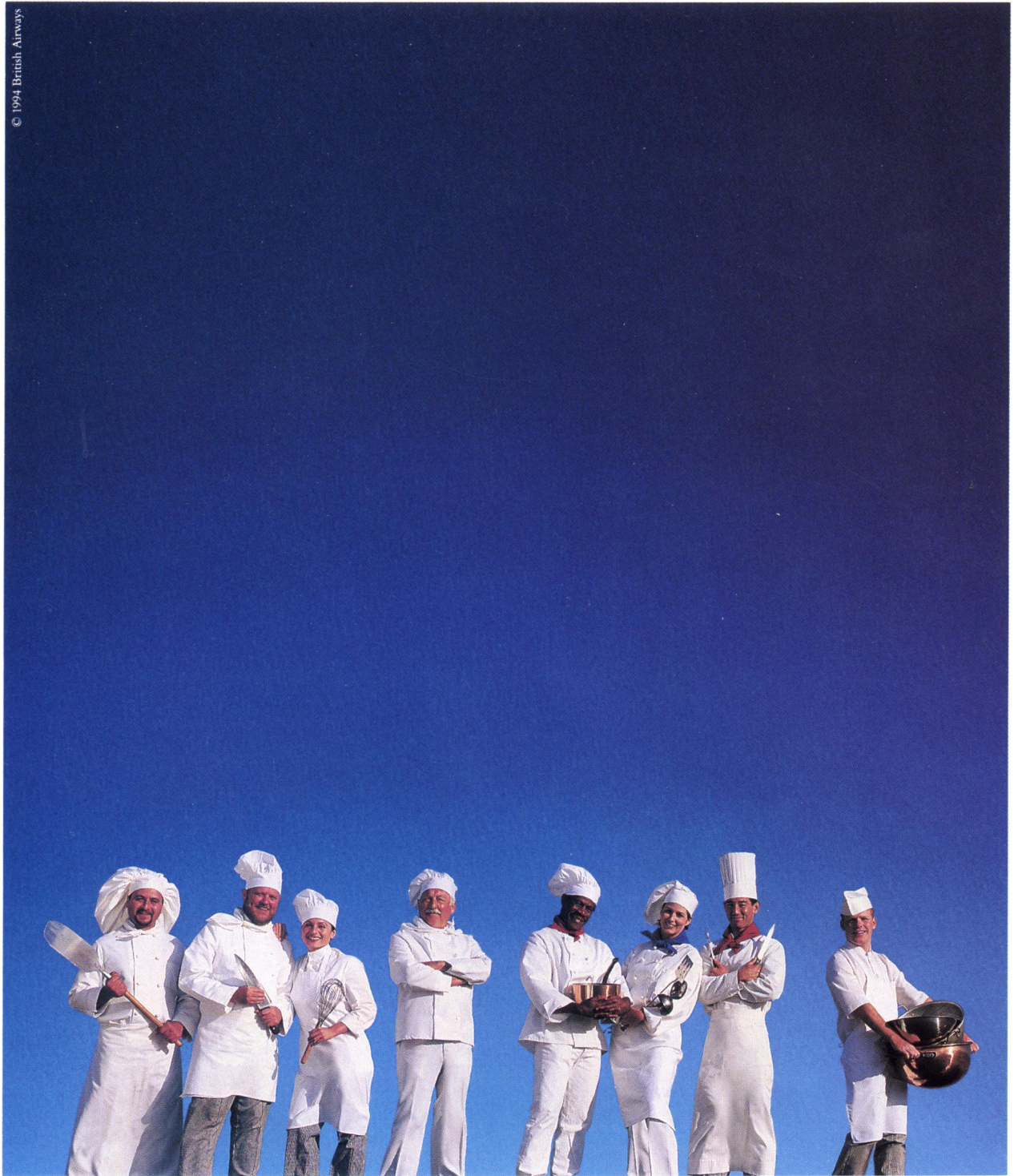
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