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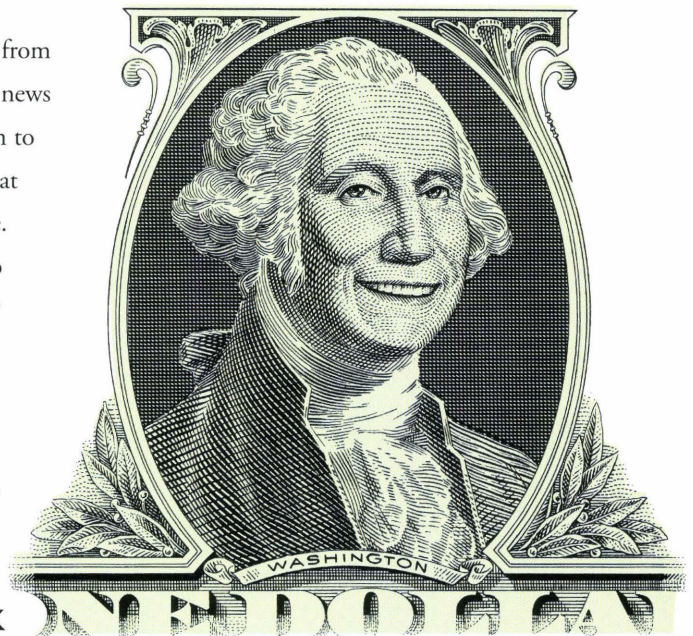
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EUROPE

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Letter from the Editor

As European and American peacekeepers take up their new positions in Bosnia, the world is closely watching to see if the peace will actually hold. We are all looking closely at the rebuilding of Sarajevo and the other parts of former Yugoslavia.

Kenneth Danforth, a long-time student of the Balkans and a former *Time* correspondent in the region, profiles Bosnia's troubled capital city in his piece, "Sarajevo: Past, Present, and Future." A vibrant, lively, multi-ethnic city that hosted the 1984 Winter Olympics, Sarajevo has now been reduced to a shell of its former self.

EUROPE looks at Sarajevo's future and profiles Tuzla, the main headquarters for American troops stationed in Bosnia. Lionel Barber discusses the European Union's key role in "making a fresh and substantial contribution to securing the peace in former Yugoslavia." Barber points out that the EU has been the leading provider of humanitarian assistance to the region during the early 1990s and will continue to be a key player in attempting to bring peace to the troubled former Yugoslavia.

The new transatlantic agenda signed by President Clinton and European Commission President Jacques Santer in Madrid last December is rated an "ambitious action-plan for deepening political and economic relations in the post cold war era." *EUROPE* explores the meaning of this new plan that will attempt to reinvigorate and revitalize EU and US relations for the future.

Bruce Barnard writes, "US investors haven't lost their enthusiasm for the European market as new sectors emerge." Barnard looks at the large and growing transatlantic investments of European and American companies including huge recent investments by United Parcel Service, Intel, and General Electric in Europe.

Writing from Madrid, *EUROPE*'s correspondent Benjamin Jones profiles the new NATO Secretary-General Javier Solana. Jones also gives us reports from the Spanish summits held last December.

A new era is beginning in Greek politics now that Costas Simittis has been chosen as the new Greek prime minister. Kerin Hope, *EUROPE*'s Athens correspondent and a reporter for the *Financial Times*, profiles Greece's new leader.

Novelist and well-known travel writer Paul Theroux talks to *EUROPE* about his new book *The Pillars of Hercules: A Grand Tour of the Mediterranean*. Theroux's witty remarks and keen insights on traveling from Gibraltar to the south of France to war-torn Croatia to Italy are very timely and add a new perspective on this region.

I would like to welcome Alan Osborn back to *EUROPE* as our "new" Luxembourg correspondent. Osborn wrote for *EUROPE* in the 1970s and 1980s when he was a reporter based in Brussels.



Will peace prevail in Bosnia?

Robert J. Guttman

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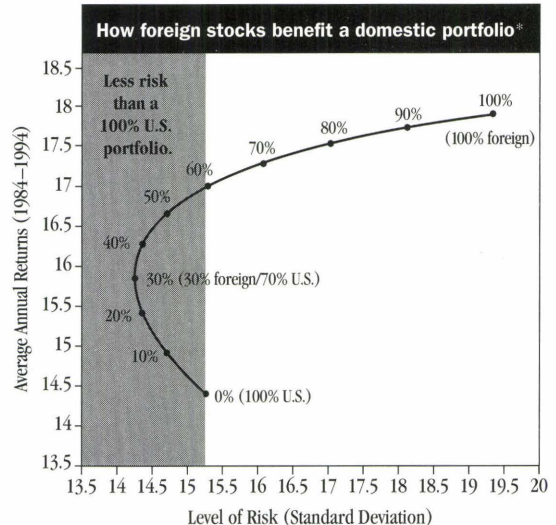
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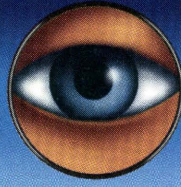
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EYE ON THE EU

Profiling
Personalities and
Developments
Within the
European Union



Ambassador Luigi Cavalchini only arrived in Brussels in October to prepare for the Italian presidency of the EU Council of Ministers which began on January 1. He was drafted at the last moment because his predecessor as Italy's permanent representative, Enzo Perlot, was taken ill and had to return to lighter duties in Rome.

Cavalchini, who was then Italy's Ambassador in Paris, recalled to me the telephone call he received from Foreign Minister Susanna Agnelli. "She was very nice. She said if I could remain in Paris for the rest of my days, but there was this vacancy in Brussels. Would I take it? I immediately said 'yes!'"

In fact, Cavalchini could hardly have been better qualified to take over. The greater part of his diplomatic career—now stretching back over 35 years—had been devoted to EU affairs, either in Brussels where he served twice during the 1960s and 1970s, or in the foreign ministry in Rome or subsequently in the prime minister's office, where he was secretary-general from 1989 to 1991. His only other postings were as consul in Berne,

in 1969–71, and two periods in Paris.

Cavalchini recalls the early crises of the European Community, in the days of the 'empty chair' policy of General Charles de Gaulle, when he and other EU diplomats met unofficially with their French counterparts at a time when their political

masters were not on speaking terms. The then Italian permanent representative, Attilio Cattini (whose daughter, Simonetta, Calvachini was later to marry) was a key figure in getting the show back on the road at the end of the six-month French boycott.

Diplomacy is in Cavalchini's blood.

Born in Turin in 1934, he comes from an old Piedmontese family who had provided the state with a series of military men, clerics, and diplomats. One Cavalchini, a cardinal, became governor of Rome in 1807, when Napoleon chased Pope Pius VII out of the city; another, seven years earlier, had tended a dying French general at the Battle of Marengo and had been exempted from taxation for life as a reward.

A short, stocky, humorous man, Cavalchini cites his physique as the reason for choosing diplomacy rather

than the army. He will need all his diplomatic skills to steer the presidency through to a successful conclusion, with a home government lacking a firm parliamentary base and facing a formidable EU program.

Cavalchini seems undaunted by the prospect. Calmly, he runs through the main challenges facing him and his government, starting with the preparations for the intergovernmental conference to open in Turin on March 25. "The vital thing is to get a good agenda," he said, and emphasized the need for intensive liaison in advance between the 15 capitals, several of which are far apart in their perceptions of how the conference should proceed. High profile visits by Italy's prime minister or foreign minister are unlikely, he indicated, but several senior Italian officials are expected to be more or less permanently on the road in the three months leading up to Turin. When the conference begins, the Italian government intends to table comprehensive proposals to make the EU institutions more democratic and to increase their visibility and transparency.

Another urgent task is to follow up last December's US-EU summit in Madrid, where President Clinton agreed with EU leaders on the need for much closer transatlantic cooperation in many different fields. What is now needed is to prepare a detailed negotiation to turn the accord into specific agreements on a sectoral basis.

Ex-Yugoslavia has not been a glorious chapter for the EU, the ambassador conceded, but the Dayton peace agreement left the Union with important responsibilities, to which the Italian presidency will give a high priority. Together with the World Bank, the EU will convene a donors' conference in March to finance reconstruction, with Swedish ex-prime minister Carl Bildt, the EU's mediator, as the senior civilian official on the ground responsible for overseeing the implementation of the agreement.

Enlarging the EU to the east and south, forging better relations with Asian countries (with many of whom the EU is holding a March summit meeting in Bangkok), improving trade relations with three different Latin American regional groupings, and preparing for the World Trade Organization's Singapore conference in December—all loom large in the Italian schedule. Nearer home, they are planning two ambitious international workshops, one on energy and industry, the other on cultural heritage, while as a follow-up to last November's Barcelona conference on the Mediterranean, there will be talks on new cooperation agreements with Egypt, Lebanon, and Jordan.

It is an exhaustive (and exhausting) program, and no one will be more involved than Cavalchini, whose task it is to ensure that all the different strands are brought together in Brussels to make a coherent whole.

—Dick Leonard

Diplomacy is in Cavalchini's

blood. Born in Turin in 1934,

he comes from an old

Piedmontese family who had

provided the state with a

series of military men,

clerics, and diplomats.

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An era ended in Greece with

the resignation on January 15 of Prime Minister Andreas Papandreou, who had spent two months in the hospital with lung and kidney problems. Though opinion polls showed the Greeks were becoming increasingly impatient with the premier's refusal to stand down, senior officials in the governing Panhellenic Socialist Movement (Pasok) were reluctant to put pressure on the 78 year old founder of the party. But once the decision was taken, the succession process was swift.

Pasok's 169 parliamentary deputies opted for change by voting in Costas Simitis, 59, a former industry minister who heads the party's reformist wing, as the new prime minister. His victory completed the transfer of power to a younger generation of Greek political leaders, less charismatic than their predecessors but more in tune with the rest of Europe.

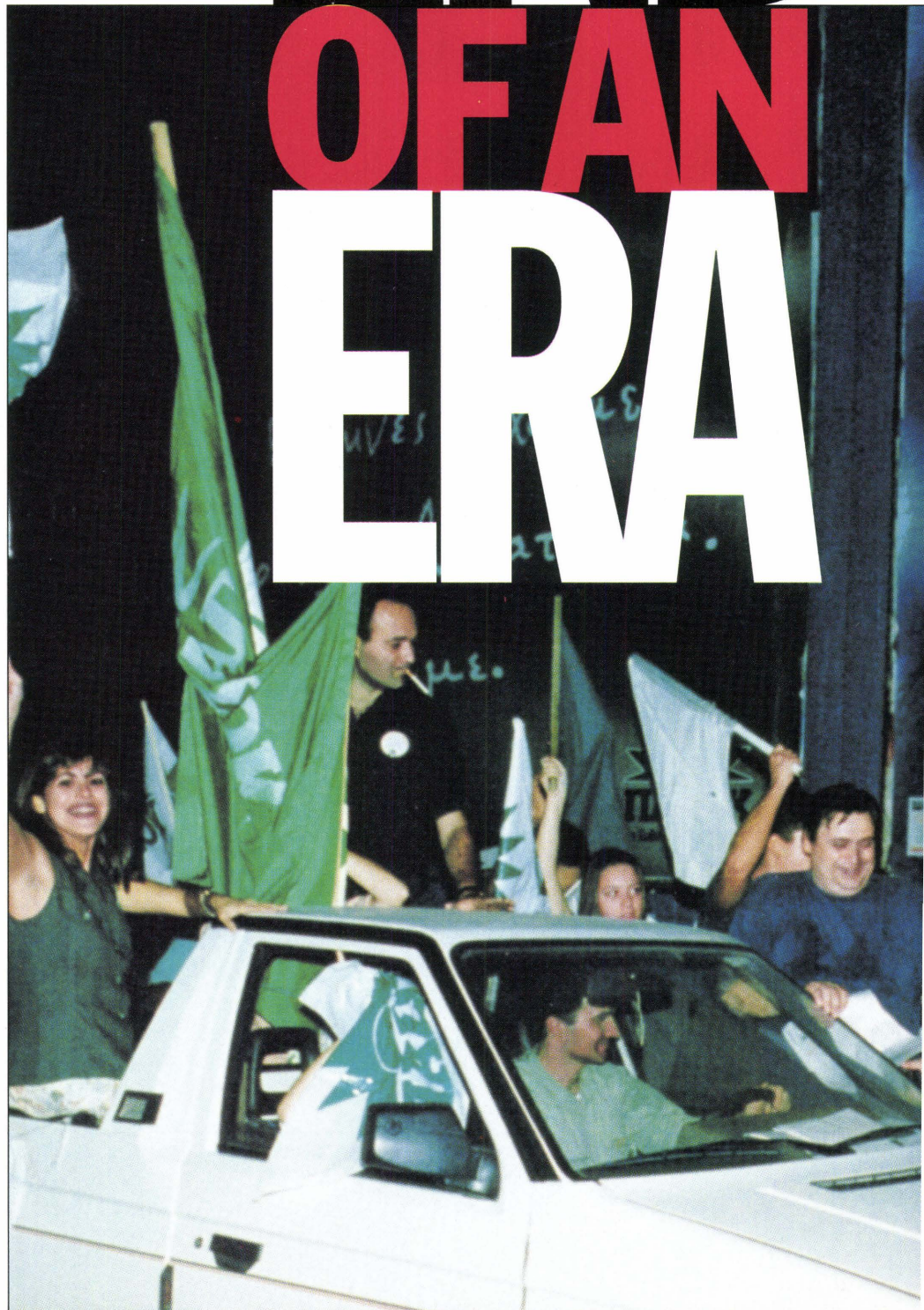
Though Mr. Papandreou modified his policies toward the end of his premiership, Greece's "odd-man-out" positions still disrupted ties with its EU partners. At home, Pasok's popularity was damaged by Mr. Papandreou's reliance on a handful of close advisers and his wife Dimitra's political ambitions.

Mr. Papandreou will remain Pasok's honorary president but is not expected to return to politics. His closest political associate, Akis Tsochatzopoulos, minister for public administration, kept his cabinet seat as did Defense Minister Gerasimos Arsenis, but the other members of his "kitchen cabinet" are not included in Mr. Simitis' administration.

With Mr. Simitis at the helm, the emphasis will be on policies rather than patronage, his advisers say. He is committed to bringing Greece closer to its EU partners, improving ties with Balkan neighbors and keeping economic policy on track to meet the Maastricht requirements for joining the single currency at the end of the century.

His first priority will be to speed up disbursement of funds from Brussels under the EU's latest structural package, aimed at helping the Union's less developed member states catch up with their richer partners. Greece's 15.9 billion ecus (\$19 billion) share of the package should provide a significant boost to growth

END OF AN ERA



as well as creating thousands of new jobs. But delays caused by red tape in Athens last year prevented Greece from drawing more than 60 percent of the 2 billion ecus (\$2.4 billion) available in EU grants.

The bulk of funding from Brussels will go to a handful of big infrastructure projects aimed at making Greek exporters more competitive and helping the country become a crossroads for trade with Eastern Europe and the Middle East. Most ambitious is the 415 mile Egnatia highway across northern Greece, partially retracing the ancient road from Rome to Constantinople. The highway will link the Adriatic port of Igoumenítsa with the Turkish border in what is currently Europe's biggest toll road project. But with a price tag of 3.5 billion ecus (\$4.4 billion) it will require a sizable injection

of private sector cash in addition to funds from the EU and the Greek state.

However, the \$2.7 billion project to build a new international airport for Athens has already set the precedent for mixing public and private sector funding. An international consortium led by Hochtief, the German construction company, will build and operate the new airport for 30 years in partnership with the Greek state. The EU structural package will provide \$488 million in financing, with the Greek contribution set at \$249 million. The remainder will come from the consortium and through bank lending, including a \$410 million loan from a group of international commercial banks.

The second priority will be to ensure that Greece meets demanding targets for reducing inflation and the public sector deficits in line with the Maastricht requirements. Keeping the current team of economic managers in place for Pasok's term in office will be important. A crucial factor in Greece's improved economic performance has been the close cooperation developed by "the three Papas"—Economy Minister Yannis Papantoniou, Finance Minister Alex Papadopoulos, and Central Bank Governor Loukas Papademos.

The three have managed to bring inflation down to single digits for the first time in more than 20 years, balance the budget through a steady increase in tax revenues, and keep the drachma stable against other European currencies. The result has been a return of confidence, bringing a surge in private investment and a steady flow of cash from overseas investors buying high-yielding Greek government bonds. Foreign exchange reserves doubled last year to more than \$15 billion.

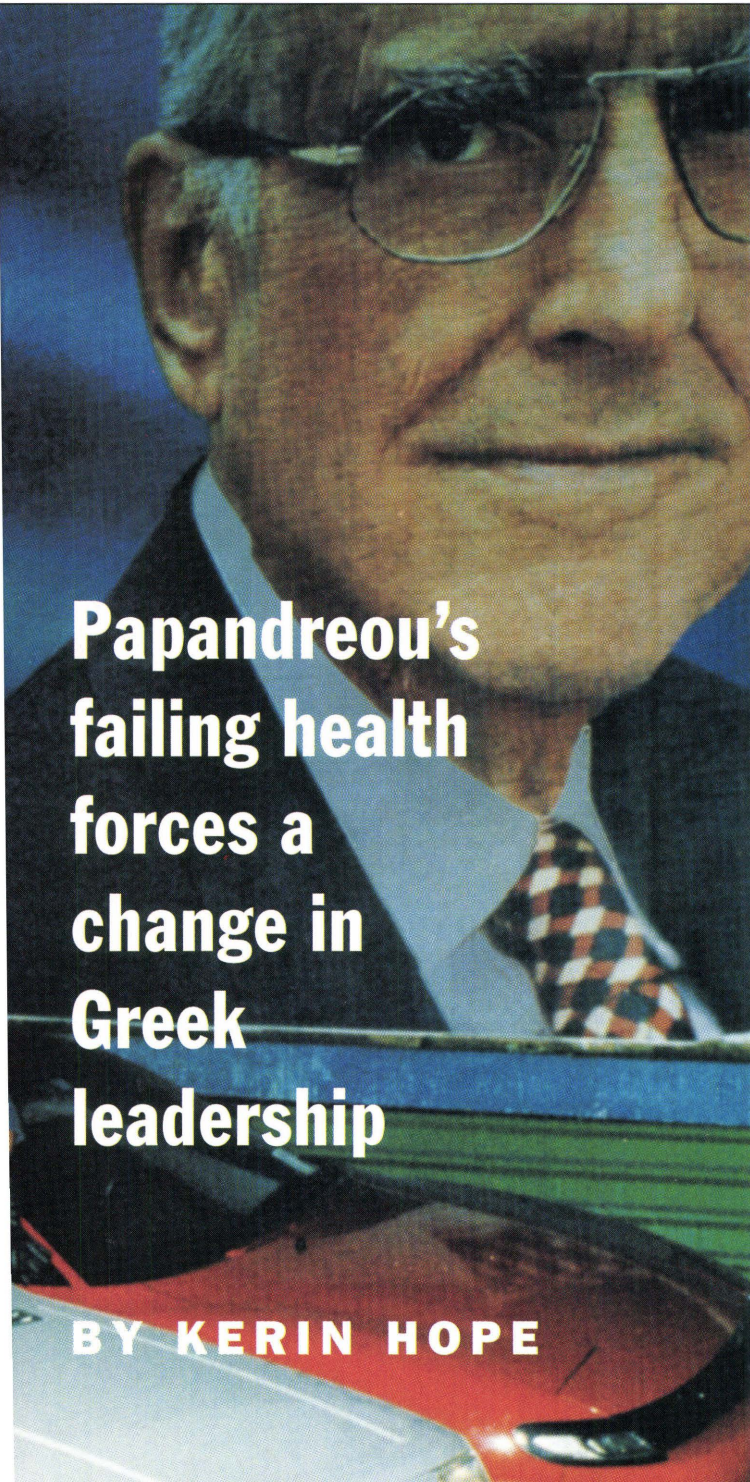
However, the emphasis must shift this year to structural reform. This means modernizing the unwieldy state-owned corporations that control energy and telecoms, privatizing more state-owned companies, and encouraging the banking system to restructure. But the public sector unions, whose leaders are influential in Pasok, are opposed to modernization because it will mean payroll cuts. The government's economic team will need strong political backing to push through these reforms.

Greece's new prime minister must also devote attention to boosting regional relationships. Foreign policy suffered because Mr. Papandreou's poor health forced him to keep traveling to a minimum and because of bilateral quarrels with Greece's northern neighbors—Albania, the former Yugoslav Republic of Macedonia, and Bulgaria. Though ties with all three countries have recently improved, more work is needed to build a firm foundation for the future.

The potential is there: An agreement that would provide temporary work permits for 150,000 Albanian immigrants is on the table, while ties with FYR Macedonia have been restored with the lifting of Greece's trade blockade. Greece plans to open three new border crossings with Bulgaria, and plans for a \$700 million oil pipeline to carry Russian crude from Bulgaria's Black Sea port of Burgas to Alexandroupolis on the Aegean are well advanced.

With Turkey, old military quarrels are still simmering, as was evident in late January as both Greece and Turkey almost used force in a dispute over an islet in the Aegean Sea. ☉

Kerin Hope is EUROPE's Athens correspondent and a writer for the Financial Times.



Papandreou's failing health forces a change in Greek leadership

BY KERIN HOPE



GREECE

THE SIMITIS ERA BEGINS

BY KERIN HOPE

MR. COSTAS SIMITIS, Greece's new prime minister, keeps a collection of political memorabilia going back to his father's days as a prominent left-wing lawyer in Athens' port of Piraeus. Among the letters and photographs is an Italian passport bearing the name of "Marco Ventura." It was used by Mr. Simitis to escape from Greece to Germany 25 years ago, when he was on the run from the right-wing colonels' junta.

Those were by far the most dramatic years of Mr. Simitis's political career. As a member of a group which staged bomb attacks around Athens, he was on the junta's "most wanted" list. In Germany, a job teaching law at Konstanz University masked his involvement in the Panhellenic Liberation Movement, the anti-junta organization led by Andreas Papandreou.

Mr. Simitis could still be mistaken for a mild mannered academic, despite his ability to outmaneuver political heavyweights in the governing Panhellenic Socialist Movement's (Pasok) populist faction. Over the last 20 years, he has published a series of books on modernizing Greece. Now he must put his call for "renewal" into practice.

He told Socialist deputies before his election, "We lack a mechanism for implementing decisions; we're slow in identifying problems and in solving them. Strategic planning is something we just talk about. The civil service is incapable of putting policy into practice. We have to chart a new course."

Bringing Greece closer to Europe has always been a prior-

New Greek prime minister, Costas Simitis

Critics accuse him of **indecision**, but his supporters argue that his **willingness to consult** the experts and **weigh the arguments** is a plus.

ity. As agriculture minister in the Socialists' first administration, Mr. Simitis undertook the task of renegotiating Greece's ties with Brussels. Pasok had threatened to pull Greece out of what was then the European Community, but the party abandoned this plan after the renegotiation made clear the financial benefits of membership, particularly for Greek farmers.

Mr. Simitis rescued relations again as economy minister in the mid-1980s, overseeing an economic stabilization plan agreed with Brussels in return for an emergency balance of payments loan. Both inflation and the public sector deficit declined in line with targets until Prime Minister Andreas Papandreou included a last minute pay raise in the 1987 budget. Mr. Simitis immediately resigned, correctly forecasting that the pay hikes would derail stabilization.

Reformers in Pasok flocked to Mr. Simitis's side. While the Socialists were in opposition, he quietly prepared his campaign for the leadership, building support in grassroots party organizations and in the Socialist-controlled trade unions. When Pasok returned to power in 1993, he won backing from Pasok deputies in Parliament arguing reforms that would give them a more substantive role in government.

Last year, Mr. Simitis rebelled openly against Mr. Papandreou, demanding that a timetable be set for his retirement. He formed an alliance known as "the gang of four" with prominent pro-Europeans in Pasok: Mr. Theodoros Pangalos, former European affairs minister; Ms. Vasso Papandreou, a former European commissioner for social affairs; and Mr. Paraskevas Avgerinos, a prominent Euro-deputy.

Mr. Simitis has brought Mr. Pangalos back to the cabinet as foreign minister. Ms. Papandreou has taken over a new "superministry" responsible for privatization, EU funding, and promoting investment. This team will try to put Greece's foreign policy on a sounder footing and speed up disbursement of EU aid available for modernizing infrastructure and industry.

To mend fences with his defeated opponents for the party leadership, Mr. Simitis left Akis Tsochatzopoulos in place as public administration minister, effectively the prime minister's deputy, and Gerasimos Arsenis in charge of the defense ministry.

Bringing Pasok's divisive factions together under his leadership will be Mr. Simitis's main headache. He must reconcile the Papandreou loyalists, who were angered by his

campaign to unseat the prime minister and fear they will be sidelined in the future. There is not much time; he will face another election contest in June when Pasok is to hold a special congress to elect a new party chairman.

Mr. Simitis pledged to introduce "a new style of government." This was a tactful reference to Mr. Papandreou's autocratic way of running the country, in which he would personally dictate foreign policy, override the decisions of his economic advisers, and sometimes fire cabinet ministers without warning.

Mr. Simitis will govern by consensus, his advisers say.



Critics accuse him of indecision, but his supporters argue that his willingness to consult the experts and weigh the arguments is a plus.

Mr. Simitis's moderate views have brought him the support of Greek businessmen and a positive image with overseas investors. The Athens stock market surged on news of his election while interest rates on government securities stabilized after several weeks of upward pressure.

But Mr. Simitis must press ahead quickly with reform if he is to exploit the confident mood. The Socialists' success in reducing inflation and the public deficit over the past year cannot be maintained without cutting government spending. And the controversial question of privatization, which Mr. Simitis neglected while serving as industry minister, now heads the economic agenda. ☐

—Kerin Hope

Pace in ex-Yugoslavia should give a fresh boost to Greek investment in the Balkans, encouraging Greek companies already operating there to expand their activities and drawing in new players.

Greek banks, shipping and construction companies, and food processors are well-established in Bulgaria and Romania and have a foothold in Albania. Deals are being wrapped up with companies in the Former Yugoslav Republic of Macedonia, now that Athens and Skopje have restored relations. And Greek and Serbian businessmen are re-viving joint ventures that were frozen while UN sanctions were in force against the rump Yugoslavia.

By mid-1995, Greek companies had invested at least \$500 million in the Balkans and Eastern Europe, according to a survey by *Viomihaniki Epitheorisi*, a leading Greek business magazine. The bulk of Greek funds has gone to Bulgaria and Romania, but some Greek traders and contractors have moved farther afield to Ukraine and Russia.

BY KERIN HOPE

BUSY IN THE BALKANS

Greek Businesses Take Leading Role

The pace of Greek investment picked up sharply over the past year as market economies took root in the Balkans. Several Greek companies have received backing from the European Bank for Reconstruction and Development (EBRD). For projects in Bulgaria and Romania, Global Finance, a Greek venture capital company, has launched a \$30 million venture capital fund in Bulgaria aimed at taking minority stakes in fast growing private companies, mainly in food-processing and retailing. Half the capital was provided by the IFC, the World Bank's private fi-

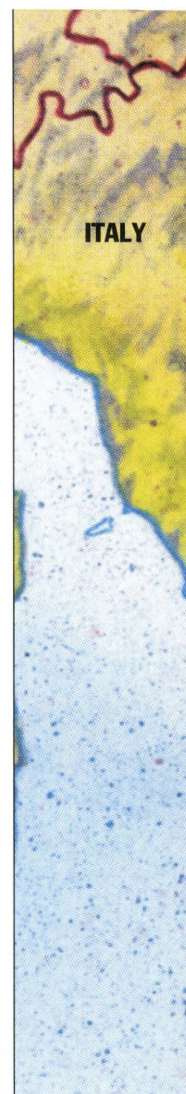
nancing arm, and the EBRD. The remainder comes from Euromerchant, the private Greek bank controlled by the Latsis shipping group, and a group of Greek and international investors.

Greek companies admit they find it hard to compete in the single European market. The war in Bosnia added to the cost of transport as the main overland route to Germany was blocked. Productivity and marketing skills lag behind the rest of the EU, while the strong drachma adds to exporters' problems.

In the Balkans, the situation is dif-

ferent. Greece has ready access to a market in excess of 50 million consumers eager for Western goods at reasonable prices. Another 50 million live around the Black Sea rim.

Unlike Western European or US companies, the Greeks are not deterred by the shaky legal framework, bureaucratic foot-dragging, and delays in obtaining licenses and permits that are still an inevitable part of doing business in the Balkans. Because they faced similar problems at home until recently, Greek companies are more flexible.





By far the biggest Greek investor in the Balkans is Hellenic Bottling Company (HBC), the Coca-Cola franchise holder for Greece, Bulgaria, and Armenia, which also has minority stakes in soft drink bottling operations in Romania and Russia.

HBC has poured more than \$100 million into Bulgaria in the past three years to become the country's largest foreign investor. It started by setting up joint ventures with five local cooperative bottlers to produce Coca-Cola and developing a basic distribution network. Now HBC has completed a new \$20 million plant for producing Coca-Cola in cans on a greenfield site near Sofia and has acquired a plastics factory producing crates for soft drinks.

Together with Athenian Breweries, the Heineken affiliate in Greece, HBC has acquired Bulgaria's biggest brewery, Zagorka, which will soon start producing international beer brands. The joint venture, Brewinvest, made profits of \$10 million in 1995, its first full year of operation, and the partners are looking for other acquisitions in the Balkans.

Mr. Loukas Komis, corporate affairs director at Hellenic Bottling, says, "We chose Bulgaria first because it was a similar sized market to Greece. But there are other promising markets in the former Soviet Union."

In Romania, the flagship Greek investment is Banca Bucuresti, a private bank set up by Alpha Credit Bank, the biggest Greek private bank, to serve both Greek companies doing business in Romania and the growing numbers of local enterprises who have little access to credit from the state banking system.

With a capital base of \$10 million, in which the EBRD holds a 25 percent stake, Banca Bucuresti has expanded rapidly, opening five branches in provincial cities and building up its loan book in excess of \$30 million last year. It has established an investment banking subsidiary, Bucharest Investment Group, which is poised to play an active role in Romania's privatization program.

Things have moved more slowly in Albania, largely because of a Greek-Albanian political crisis last year that

froze much planned investment activity. Greek construction companies have won road improvement contracts, valued at around \$15 million, which are being financed by the World Bank, but several investments by textile companies have been placed on hold.

However, Alpha Credit and state-owned Ionian Bank head the list of Greek banks that have applications pending for licenses to open branches in Albania now that relations have improved. As well as providing trade financing, they would cater to Albanians who work in Greece and send home drachma remittances. There are an estimated 300,000 Albanians—equivalent to more than 20 percent of the country's labor force working in Greece, who send home an estimated \$400 million yearly, almost entirely in cash.

Mr. Yannis Costopoulos, chairman of Alpha Credit Bank, says, "A branch in Tirana may seem a modest investment compared with a whole bank in Romania, but the impact would be proportionately as big." ☎

—Kerin Hope



INVESTING IN

EU companies lead the way, reaffirming their historic role in the region

By Axel Krause

Shortly after President Bill Clinton announced the agreement to end the war in Bosnia on November 21, European Commission President Jacques Santer quietly reaffirmed Western Europe's historic role in the region and committed an additional \$145 million in European Union aid for the victims of the conflict in the former Yugoslavia.

"We must now turn to the future," Santer declared, adding "The European Union and its member states will contribute in a major way."

The accords negotiated in Dayton, Ohio under US leadership and pressure—and their implementation—caused dismay, resentment, and a sense of failure among EU leaders for what Germany's influential daily, the *Frankfurter Allgemeine*, termed Europe's "disgraceful incompetence in containing its worst conflict since the World War II."

Europeans then rebounded—by committing troops and nearly \$2 billion to Bosnia's reconstruction; obtaining

full support for naming Carl Bildt, the former Swedish prime minister and European envoy to the talks, as the leader of the civilian reconstruction effort; and, finally, for having Paris host the official signing of the accords.

Equally important, European Union business leaders, and bankers from the private and governmental sectors started approaching the entire region in a new light—from the standpoint of future economic growth and, above all, of direct investments in everything from road networks to dairy factories to bank outlets.

In neighboring Bulgaria, Romania, Albania, Slovenia, former Yugoslav Republic of Macedonia, and Croatia, economic growth appears to be reviving; inflation rates have been dropping dramatically; and reforms have been launched, including privatization, amid resumption of lending by the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD).

The northern Greek city of Thessaloniki is becoming a major Balkan business center.

"For the Balkans, the EU is a basic pole of attraction for trade and development of democratic institutions and market economies...don't underestimate our role," said European Commissioner Christos Papoutsis, who is a former Greek Socialist minister, and the commissioner responsible for energy, small and medium-sized companies, and tourism.

Every country in the region, including Turkey, has expressed determined interest in joining the EU following the intergovernmental conference this year, and they have been getting encouragement. Since 1990, the EU and member states have accounted for 45 percent of total economic assistance to countries in the region, totaling some 33.8 billion ecus (\$42 billion), led by

THE BALKANS

Germany with 11.3 billion ecus (\$14 billion) and France with 5.5 billion ecus (\$6.8 billion). German and French are now the region's most popular second languages—after English.

Meantime, in the northern Greek city of Thessaloniki, which Greek leaders predict will become the “gateway to southeastern Europe”—a recent geopolitical designation that includes Turkey—a new regional development bank has been established. Known as the Black Sea Development Bank, with 11 shareholders, including Greece, Turkey, and Albania, this fledgling bank will promote investments in a wide area stretching from the Balkans to Turkey, with a combined population of some 130 million people.

Having shed its sectarian stance with regard to Serbia, Greece, with US backing and encouragement, has emerged as a major player in the region. Greek officials also note that the BSD Bank's startup in 1996 coincides with preparations for Thessaloniki's role as “Cultural Capital of Europe,” in 1997.

“Now that the peace process is underway, we see many new business opportunities emerging, particularly in engineering and construction,” said a senior executive of a major US engineering firm on the condition that he not be identified. “And we are preparing bids,” he added, “as are our competitors in Europe.” He and other business and political leaders active in the region compared the

Balkans to the eastern Mediterranean.

“This region in and around Greece, stretching north and eastward, could become another new, major regional trading bloc...with stability which we actively support,” said a senior US diplomat who played a key role in preparing the Dayton accords. “Particularly if someday soon Turkey becomes part of the trend.”

In December the European Parliament took a step in this direction voting by a wide margin for establishing a customs union between the EU and Turkey starting January 1, 1996.

“We should not exclude Turkey as part of a Balkans revival,” said Miltiades Evert, former mayor of Athens and president of the conservative opposition New Democratic Party, “assuming, of course, we resolve the Cyprus question and human rights issues.”

Other clouds also hang on the horizon which Peter Bod, former president of the National Bank of Hungary and now executive director of the EBRD, terms “rather risky.” He cites the resistance by local banks in the region to taking longer range

corporate risks and the high concentration of bank ownership. In Romania, despite swift growth of private banks, the top five still account for about four-fifths of the country's total assets. There are more than 50 banks in Croatia, yet four major institutions represent 75 percent of the banking sector, Bod says.

Other obstacles include a dramatic

shortage of marketing and credit information for potential investors; widespread currency restrictions; the slowness of implementing privatization in key sectors, such as energy; and in some cases, historic conflicts. For example, Italy is blocking Slovenia's bid for associate EU membership pending the settlement of 20,000 outstanding restitution claims by Italians for property in the region east of Trieste, which was confiscated by communist Yugoslavia at the end of World War II.

Leaders in the region brush off the skepticism. “We are optimistic about the future, and we are now going to put on the table some 1,200 companies for privatization...they will be for sale,” Bulgarian Deputy Prime Minister Rumen Gechev told a recent conference. Noting that Bulgaria had associate status in the EU, Gechev predicted that direct foreign investment in his country would reach \$1 billion in 1995. The 34 year old former economics professor who studied at Illinois State University added, “We are using all the techniques available, as we want this operation to succeed.”

In Albania, officials said, plans are being readied for the establishment of economic free-trade zones, and the country's antiquated legal system is being thoroughly overhauled. “And it is being adopted to meet EU standards... we are a safe bet and are encouraging joint ventures with very favorable locations,” said Selami Xhepa, the 29 year old economist and chairman of the Albanian Center for Foreign Investment Promotion. In a clear shift away from the idea that Greece is the only gateway to the region, Xhepa added. “Why should we only look vertically, north and south? Clearly, there is a promising east-west axis also vital—extending to Turkey in one direction and in the other, westward, to the European Union.” ☉

European Commissioner
Christos Papoutsis



**“For the Balkans,
the EU is a basic
pole of attraction for
trade and
development of
democratic
institutions and
market economies
...don't
underestimate our
role...”**

Axel Krause is a contributing editor for EUROPE and the corporate editor for the International Herald Tribune.



EUROPEAN TROOPS

BY LIONEL BARBER

Now that NATO troops are on patrol in Bosnia, the European Union is making a fresh and substantial contribution to securing the peace in former Yugoslavia.

Doctors, administrators, economists, civil engineers, election observers, and other experts from the 15 member states are en route or already in Bosnia. Their job is to carry out the civilian provisions of the Dayton peace accords and to meet the challenge of reconstruction, in which the EU is playing a lead role with the World Bank.

On the military side, EU member states form part of the 60,000 strong NATO force (IFOR). The United Kingdom leads with 13,000 troops, while France is sending around 7,500 soldiers. For the first time since 1945,

Germany has deployed NATO troops "out of area," though the 4,000 soldier contingent will not be engaged in a combat role.

All this activity follows a bleak period for European diplomacy in which the EU ended up being sidelined by the US. Critics say the experience forced the EU to confront the limits of its influence in the Balkans, while raising questions about its ambitions for a common foreign and security policy as envisaged by the Maastricht Treaty.

The EU approach to the crisis in former Yugoslavia was geared toward containing the conflict between Serbs, Croats, and Bosnian Muslims and to ensure that the civilian population caught in the cross-fire did not starve or die of disease. Though essentially defensive in nature, the importance of this contribution, particularly during

bitter Balkan winters, was often overlooked.

Between 1991–95, the European Commission provided 1.18 billion ecus (\$1.48 billion) through its ECHO aid program. Added to the extra 600 million ecus (\$756 million) made available by member states in bilateral assistance, the EU dispatched around 65 percent of the total humanitarian aid to Bosnia. EU member states also took the brunt of the refugees, with Germany accepting more than 450,000 people.

Having played second fiddle to the US, the EU has pressed successfully for a lead role in post-war reconstruction in Bosnia. The most visible evidence is the appointment of Mr. Carl Bildt, former Swedish prime minister, to the post of high representative. His job is to coordinate the civilian effort and to be a liaison with NATO's mili-

UK troops (left) and French troops (below) comprise more than half of the European contribution to the Implementation Force (IFOR) in Bosnia.



The EU's IFOR Contribution	
Country	Number of Troops
Austria	160
Belgium	350
Denmark	807
Finland	450
France	7,500
Germany	4,000
Greece	1,000
Italy	2,500
Luxembourg	27
Netherlands	2,000
Portugal	936
Spain	1,400
Sweden	870
United Kingdom	13,000
Total number of EU member country troops	38,000

HEAD FOR BOSNIA

tary mission.

As high representative, Mr. Bildt will chair monthly meetings of a steering board comprising the EU's rotating presidency, the European Commission, the Organization of the Islamic Conference, the Group of Seven industrialized nations (the US, UK, France, Germany, Italy, Japan, and Canada), and Russia.

One of the board's tasks will be to determine the eligibility of individual reconstruction projects. This is a political minefield. Mr. Bildt and his colleagues must weigh the economic imperative of regional rebuilding against the political need for conditionality, particularly when it comes to dealing with rogue municipalities sympathetic, say, to Bosnian Serb nationalists.

The initial signs suggest that the international community will come up

with a generous reconstruction package for Bosnia. A European Commission-World Bank-sponsored conference in Brussels last December produced an initial commitment of \$518 million for the first three months of 1996.

The donors' conference, attended by 50 countries and 20 international organizations, is expected to resume as a full-fledged pledging session in early March 1996. This conference will focus on mobilizing funds for the period 1996-99. The World Bank has estimated that the total cost needed to cover absolute priorities over the next three to four years could be as high as \$5.1 billion.

In the initial phase, the European Commission has pledged \$100 million, while individual countries such as the Netherlands (\$57 million), Germany (\$40 million), and the United Kingdom (\$20 million) are also committed to making substantial contributions. There are, however, two outstanding concerns.

The first is the US position on bur-

den-sharing. Washington is resisting EU efforts to establish a "three-thirds" formula for financing Bosnia—one-third paid by the EU, one third by the US, and one third by Japan and the rest of the world.

Though the US has pledged an initial \$62 million to reconstruction, it believes its final contribution should be limited to around 20 percent of the total, particularly since it has already sent 20,000 troops to the NATO force.

The second issue is the future of the US peacekeeping force. With a presidential election looming in November, Mr. Clinton and Senator Robert Dole, the front-runner for the Republican nomination, will find it hard to sustain the fragile consensus in favor of deployment. If the US troops leave before peace is fully restored, the Europeans will have to decide whether to follow suit or fill the void. ☹

Lionel Barber is a contributing editor for EUROPE and the Brussels bureau chief for the Financial Times.



WILL SARAJE

By **Kenneth C. Danforth**

SARAJEVO: city of symbols, city of fame, city of infamy.

Sometimes a city achieves these things. Sometimes they are thrust upon it.

Sarajevo has achieved much, has had much thrust upon it. Today it is a symbol of senseless suffering and stubborn courage in the face of unrelenting evil.

Sarajevo has also been known as an inspiring but endangered model for a community where people of all faiths and ethnic groups could live together in the harmony and prosperity that are possible when they don't waste their energies in ethnic strife.

To leaf through a travel guide of only four or five years ago is to feel a bitter sense of unease at how quickly civic stability and happiness can turn into chaos and tragedy. The city that embodied the Olympic ideal in 1984,

when it hosted the Winter Olympics, became in less than a decade a city of shattered bodies. The high white slopes where tourists had thrilled to ski jumps and slaloms became gruesome artillery emplacements. The wooded parks, denuded for firewood, became graveyards.

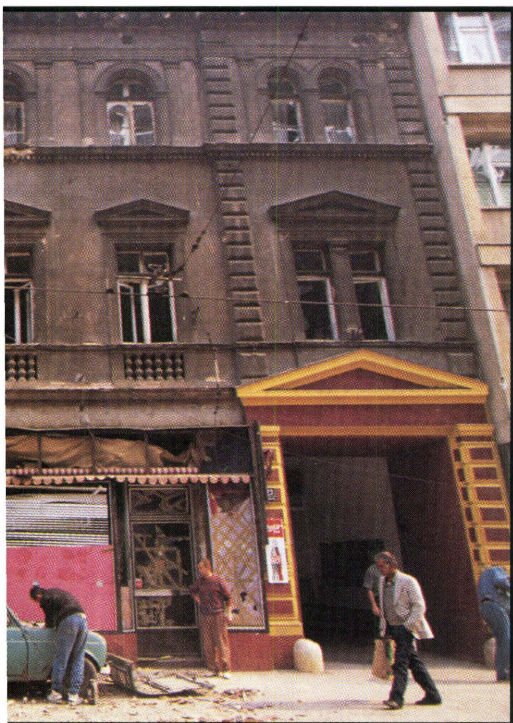
Sarajevo had come a long way from the days when the region was populated by the Illyrians, who were routed by the Romans. The schism and ongoing collapse of the Roman Empire created a vacuum that left room for the great 6th and 7th century migrations of Slavic tribes from the northeast. Slavic self rule in Bosnia reached its peak during the reign of Stjepan Tvrtko in the 14th century.

Then enter the Turks, who did most to bequeath to Sarajevo the oriental at-





WO SURVIVE?



(Above Left) The 1914 assassination of Archduke Ferdinand in Sarajevo marked the beginning of World War I. (Above) In 1984, the world celebrated the Winter Olympics in Sarajevo, hailing the city as a multi-ethnic model. (Bottom) The shelling of the city has reduced what had been a graceful skyline to one of shattered buildings, often drawing comparisons to Beirut at the height of Lebanon's civil war.

mosphere it enjoyed until recently. Having already ruled Serbia for about 70 years, the Turks, moving deliberately as they consolidated their gains, finally took over Bosnia in 1435. They built a bridge across the Miljacka River and joined two villages as Sarajevo. Soon the sultan built a magnificent seraglio, and caravansaries grew and flourished. The sultans built great mosques, schools, libraries, and what is now the oldest surviving public bath in Europe.

(All these buildings survived World War II and the concurrent Yugoslav civil war, and they were preserved during all the decades of communism. Until very recently, descriptions of the city invariably praised a skyline punctu-

ated by scores of mosques and minarets. Not only in Sarajevo, but across the whole of Bosnia and Herzegovina, these graceful monuments to Islam and human artistry have been deliberately destroyed.)

As the Ottoman Empire began to come apart at the edges, the Congress of Berlin handed Bosnia and Herzegovina over to Austrian administration. This was a bitter disappointment to people who had fought for the same right to independence that Serbia had just gained. When the Austro-Hungarian Empire formally annexed the two provinces in 1908, the movement for liberation was set inexorably on its course.

Then Archduke Francis Ferdinand



Sarajevans go out of their way to avoid snipers while gathering water.

of Austria, heir to the Hapsburg throne, made the fateful decision to come visit his reluctant subjects. When he started across the shallow Miljacka in an open car on June 28, 1914, the world had no reason to suspect that he was about to receive World War I's first bullet. Gavrilo Princip, a 19 year old Serb nationalist, was waiting at one end of the bridge to shoot him. Only weeks later, Austria-Hungary declared war on Serbia. The conflagration spread across Europe. Eventually its flames also drew 116,516 young Americans to their deaths.

The human capacity for optimistic phraseology turned the carnage into a crusade to "make the world safe for democracy," which it didn't.

Princip, who was soon to die in prison, became one of the principal icons of Serbian patriotism. He had assassinated the embodiment of a foreign tyranny. The bridge across the Miljacka now bears his name and a bronze

plaque celebrates his deed. Two raised footprints show where he allegedly stood. People used to stand there and try to imagine what it would feel like to kill an archduke and start a war. The fun has gone out of that, somehow.

Serbia coveted Bosnia and Herzegovina then. It covets it today. Far from merely repeating itself, history does not even go away. But today in Bosnia and Herzegovina history has a new twist. It doesn't have the openly imperialistic old Austrians taking land that doesn't belong to them. It is the Serbs, who so stridently resisted foreign rule, who now are acting so barbarically to achieve territorial ambitions of their own. Unlike the bloody conflict between Tito's Partisans and the Chetniks in World War II, today's events in Bosnia and Herzegovina are not a civil war at all, but carefully planned aggression.

Until the breakup of Yugoslavia, Bosnia and Herzegovina considered itself the most stable of the federation's

six republics. It had a long tradition of many religious and ethnic groups living together. There might be Spanish Jews, Slavic Muslims, Catholic Croats, and Orthodox Serbs living on the same floor, borrowing flour from each other and looking after the children down the hall.

Even then, however, Sarajevans worried about the hatred that Serbian strongman Slobodan Milosevic was preaching in Belgrade. Most young people, especially, thought they had no future in Yugoslavia if ethnic hatred remained the country's major intellectual, emotional, and governmental activity.

Back when Bosnia and Herzegovina still cherished the hope that it might escape the Serbian juggernaut that even then was crushing lives and cities in Croatia, a student named Nadja Hazrolaj wrote to a friend in the United States:

"The biggest protest against the war was organized in Sarajevo two days ago. Between 80,000 and 100,000 peo-

ple gathered in the capital to express their bitterness and disapproval with the bloodsheds and terrorist attacks in Croatia and to send a message of goodwill to all the peoples of our country. The most popular rock and pop stars took part in this protest with music as their only weapon."

On March 3, 1992, the music stopped. Harmony withered under the siege guns of one of Europe's most powerful military forces, which didn't have to fight, but only load its cannons. The Serbs up in the snow-covered hills wantonly murdered dozens of Sarajevans every week, sometimes that many in a day. Big guns, rockets, and snipers' rifles were turned on people who carried only shopping bags and schoolbooks.

Then Nadja wrote from Sarajevo:

"Look what is happening to this beautiful country we all love! All I was taught to believe in is gone. The whole world of ideals is lost forever in the sea of misfortune, hatred, and blood. How can we learn to love

each other and to live together again after such things have been done? Looking from this apparently peaceful and still undisturbed part of former Yugoslavia, one can only feel confused and scared. What if the war-fire burning in Croatia spreads around and catches Bosnia and Herzegovina?"

As history was soon to prove, this was not a very big "what if." The siege of Sarajevo soon began. Thugs in the hills surrounding the city started picking off individuals with rifles while artillerymen pounded away at Kosevo Hospital, schools, libraries, mosques, hotels, and apartment buildings. A city in which the streetcars had been packed with cheerful riders as late as 11 p.m., and outdoor gossip over Turkish coffee was a way of life, became a slaughterhouse. People who had to venture outdoors dashed, hunched over, from shelter to shelter. Sometimes they won the race. Sometimes the snipers won.

By the standards of Bosnians in other cities and across the countryside, the Sarajevans were lucky. In the name of "ethnic cleansing"—a ghastly new

term for genocide—the Serbian nationalists were murdering, torturing, raping, and burning from one end of the country to the other. Concentration camps, not seen in Europe since the continent's liberation from Hitlerism, began to fill with battered, doomed Muslims.

In Sarajevo, humanitarian assistance (a limp substitute for military support) started to come in via airlift in July 1992. But Serb shelling of the airport and arrogant blockades of the road between the airport and the city sometimes stopped the airlift for weeks and even months.

Then, on February 5, 1994, a single

In marathon sessions in Spartan quarters, the belligerents initialed their agreement to stop fighting. No one pretended that they had achieved peace with justice. They had brought the war to an end—for a while—at the cost of acquiescing to territorial gains by terror and atrocity.

mortar shell fired from a Serb-occupied hill hit the city's central marketplace and blew apart 68 human beings. NATO finally talked tough, ordering the Serbs to move their big guns back from Sarajevo or face air strikes. But, crippled by the "two-tier" requirement for clearance by dithering United Nations officials, the "robust" stance was so ineffective that its most salient results were Serb contempt for Western impotence and increased despair by the beleaguered Bosnians.

Not until August 1995, following horrifying evidence of executions of thousands of men and boys at Srebrenica, the worst massacre in Europe in 50 years, and another bloody shelling of a Sarajevo market, did NATO finally mount a series of credible air attacks against Serb positions. The United States was finally stirring, and the Serbs themselves were getting their turn at suffering (mainly from trenchant land attacks by Croat and Muslim forces). The result was a permeable cease-fire on October 12.

Under long-delayed pressure from the United States, the leaders of Bosnia

and Herzegovina, Croatia, and Serbia flew to an airbase near Dayton, Ohio. (A greater contrast with the grand Congress of Vienna cannot easily be imagined.) In marathon sessions in Spartan quarters, the belligerents initialed their agreement to stop fighting. No one pretended that they had achieved peace with justice. They had brought the war to an end—for a while—at the cost of acquiescing to territorial gains by terror and atrocity. Bosnia and Herzegovina, through semantic legerdemain, was to become a unified nation at the same time it was solemnly divided among warring factions. Precedents for such an arrangement are hard to find.

At the heart and center of the settlement lies, as it always has, the ancient capital of Bosnia. The people of the demolished city face the prospect of heated housing, sufficient food, the freedom to walk on their own streets, and time to breathe. But what is their real future? Once they have gained a little weight and begun to clear the rubble, will they regain their claim to the Sarajevo ideal—a community of diverse peoples and mixed religions living with respect for each other?

When the 20,000 American troops, part of an international police force, pull out in a year or less, will the fragile peace that they will try to enforce fall apart?

Will the Serbs living in Sarajevo's suburbs, who violently scream that they will never live under anything but a Serb government, turn the city once again into a killing field?

Even if peace takes hold, will the Sarajevans who fled return?

Will the dispirited victims who stayed behind think their future lies best in rebuilding what they thought they had?

Or will they take the first opportunity to get away, going as far as they can to escape the wages of their own symbolism? ☹

Kenneth C. Danforth, a freelance writer based in Washington, has traveled extensively throughout the former Yugoslavia.

TUZLA

U S B A S E I N B O S N I A

Collapsing salt mines below, whirling snow and fog above. This is Tuzla, a city of grime and smog that, in the time-honored tradition of war zone cities, believes it will pluck hard currency from the shredded branches of war.

With the signing of the Bosnian peace accords in Paris, arrangements hammered out in Dayton, Ohio, have been put into effect. Some 60,000 troops under NATO control poured into Bosnia and Herzegovina, heavily armed not only with tanks, planes, and guns, but supposedly with a mandate to get as rough as necessary to enforce the terms of the agreement. This is what the belligerent leaders of Serbia, Croatia, and Bosnia and Herzegovina agreed to at Dayton and Paris.

Three sectors, eerily reminiscent of the Allied occupations of Germany after World War II, have been jigsawed out of the small new country's tortured map.

In the northwest sector, British, Dutch, and Czech troops enforce the terms of the treaty.

In the south, soldiers from France, Portugal, Spain, Italy, and Ukraine police the dangerous sector that includes Sarajevo, Mostar, and Gorazde, three of the most contested cities of the Bosnian war.

In the northeast, bordering the other NATO sectors to the west and south, Croatia to the north, and Serbia to the east, will be the long-awaited 20,000 US soldiers.

The British and French have been in Bosnia since the beginning of the failed United Nations "peacekeeping" mission. Many of the troops that make up the far more assertive mission that began in December have exchanged their UN credentials for putatively more fearsome NATO insignia. The British and French

are already old hands in Bosnia, and they know what it is like to be bloodied there.

It is the United States, now known as "the world's only superpower," which is getting the most attention as it begins to do in Bosnia what it has been urged to do since the beginning of the genocidal war—commit its troops.

And thus it falls on industrial Tuzla, of which it is doubtful that any poet ever sang, to fulfill an unlikely destiny as the headquarters of an American expeditionary force. As advance contingents of American troops began to arrive, *USA Today* headlined: "Tuzla sees dollar signs."

As examples, reporter Jack Kelley wrote that:

A woman is renting her house to journalists for \$3,000 a month.

Local police are demanding \$2,000 a month for parking spaces near the Tuzla air base.

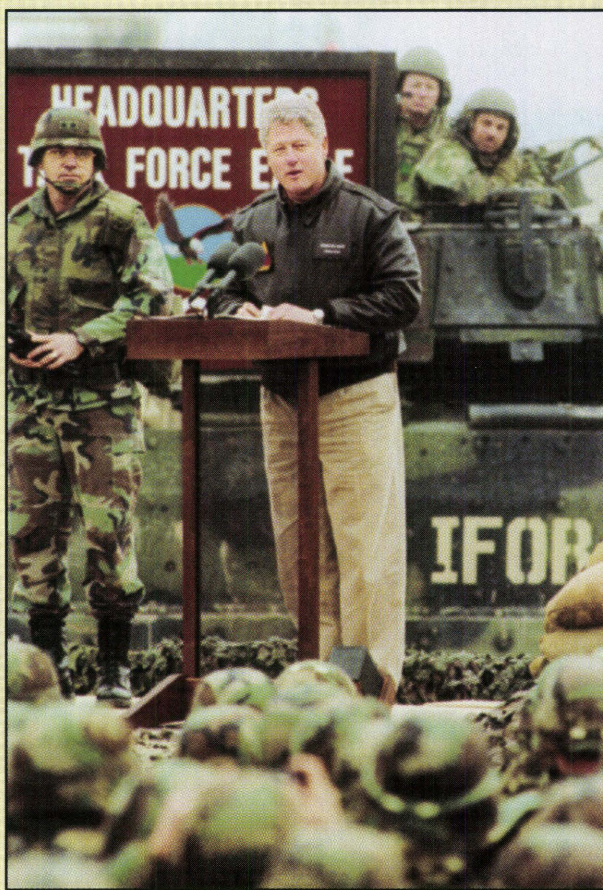
An "American Club" decorated with little US flags is offering hamburgers and country music.

Tuzla looks to the well-heeled Americans to do a lot more than protect its citizens and refugees from killers. (One shell fired by Serbs killed 72 people and wounded twice that number.) It expects the Americans to fill in potholes, put power lines back up, and re-open the railroad that used to haul salt and chemicals.

Meanwhile, the US troops, armed with the most technologically awesome weapons in world history, have a very, very big job to do. As they proceed, they are transforming Tuzla from a salt-based manufacturing town packed with tens of thousands of miserable refugees into a community that, through no effort of its own, has gained a niche in history. ☹

—Kenneth C. Danforth

President Clinton addresses American troops at the US base in Tuzla.



Reinvigorating the Transatlantic Alliance

The US and the EU have reached agreement on an ambitious action-plan for deepening political and economic relations in the post cold war era.

The blueprint was signed in December in Madrid at a meeting attended by President Bill Clinton, Prime Minister Felipe González of Spain, and President Jacques Santer of the European Commission.

The action-plan covers 150 points, from faster trade liberalization in telecoms and maritime shipping to joint action to tackle organized crime and killer viruses. Beyond the declaration's immediate promise of a "transatlantic marketplace" is the hope of a future free trade area.

BY LIONEL BARBER



President Clinton, Spanish Prime Minister Felipe González, and European Commission President Jacques Santer sign the new transatlantic agenda.

The EU is America's largest trading partner and vice versa in a combined trade worth \$213 billion in 1994. Around 3 million US workers are employed by European-owned companies. Around 51 percent of foreign direct investment in the US comes from the EU, while 42 percent of foreign investment in the EU comes from the US.

The goal is to build on this high degree of interdependence. "The blueprint moves the relationship from consultation to joint action," says Stuart Eizenstat, US ambassador to the EU in Brussels. His goal is to capture "the bipartisan middle" in Congress and contain the forces of populist neo-isolationism.

Similar thinking is driving the transatlantic initiative in Europe, where political leaders are struggling to contain a dangerous cocktail of resurgent nationalism and populism which is feeding off high unemployment and fears about immigration from Eastern Europe and North Africa.

The first target is the business community. Increasingly, multinationals are pressing for more consistency in rules on investment, technical standards, and the removal of obstacles to the free flow of goods, services, and

Increasingly, multinationals are pressing for more consistency in rules on investment, technical standards, and the removal of obstacles to the free flow of goods, services, and capital.

capital. Without greater coordination there is a risk that business will simply move to faster growth areas in the Pacific Rim, according to the European Commission.

At a meeting last November, US and European industrialists and financiers met in Seville, Spain for the first high-level session of the Transatlantic Business Dialogue. The meeting ended with a call for an agreement on mutual recognition by January 1, 1997 on such products as medical devices, telecoms terminal equipment, information technology products, and electrical equipment, as well as a common transatlantic registration dossier for new drug products.

The test will be whether these ambitious targets can be met. One area to watch is the multilateral trade forum, particularly the Singapore meeting of

The World's Biggest Trade and Investment Relationship at a Glance

1994 EU-US Trade \$233.5 billion

EU Exports to US..... \$118 billion

EU Imports from US..... \$115.5 billion

US received 17.6 percent of EU's exports

US supplied 17.3 percent of EU's imports

US attracted 58 percent of EU foreign investment in 1984-93

The US accounted for 33 percent of foreign investment in EU in 1984-93

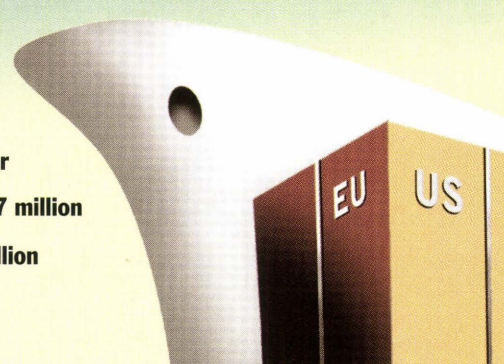
EU and US company exports and corporate sales in each other's markets.....\$1.7 trillion a year

US companies in Europe employ 2.7 million

EU companies in US employ 2.8 million

—Bruce Barnard

Illustration by Glenn Pierce



World Trade Organization ministers in December 1996 which will seek to launch negotiations on government procurement rules and tackle the thorny relationship between trade and the environment. Before Singapore,

the EU and US will try to set an example to others by accelerating tariff reductions and to finalize a deal on liberalization on investment conditions within the OECD.

The second target is the ordinary citizen on both sides of the Atlantic. The US-EU action plan hopes to cement public support through cooperation on practical tasks such as coordination on humanitarian aid, cooperation on environmental protection and nuclear safety, and more effective exchange of information on illegal immigration and asylum and international criminals.

Much will depend on whether both sides can deliver on their myriad promises. On the EU side, this could depend in turn on the outcome of this year's conference to discuss reform of EU institutions of the planned enlarge-

ment to Central and Eastern Europe. In the past, the US has expressed frustration with the inability of the EU to speak with one clear voice on foreign policy.

The blueprint also sidesteps strategic questions, such as the relationship between the planned enlargement of the EU and the parallel process of extending the NATO alliance eastwards, and the interaction of the planned single European currency and the dollar, whose gyrations are a frequent source of complaint in Europe.

More immediate sources of friction focus on burden-sharing in former Yugoslavia. The US, which is providing the bulk of the assets in the NATO peace-enforcement operation, including the dispatch of ground forces, is uncomfortable with European demands that Washington pay one-third of the costs of reconstruction. Yet Europe carried the bulk of the financial burden of the UN peacekeeping effort and humanitarian aid.

One final test in the coming months will be whether institutional innovations such as the regular meetings of high-level civil servants can act either as crisis managers or early warning systems to head off disputes. In the meantime, the building blocks of a new relationship for the 21st century are in place. ☺

—Lionel Barber

Europe & America OPEN FOR BUSINESS

By Bruce Barnard

The European Union and the United States will spend 1996 re-creating a relationship that seemed to have lost its political impulse after the end of the cold war and its economic rationale as the EU looked to new markets emerging on its eastern borders and US business became transfixed with the booming Asia-Pacific region.

The sense of drift was magnified as the US appeared to bunker down for a period of isolationism after the trench warfare with the EU in the seven year long negotiations that led to the Uruguay Round world trade accord.

The EU itself has been engrossed with its own internal problems, not least a wave of currency crises that put a big question mark over its ambitious plan to establish a single currency before the end of the century.

But the drift was always more apparent than real. While politicians on both sides were agonizing over the post-cold war Atlantic relationship, businesspeople continued to invest in the world's biggest trading relationship.

US investors haven't lost their enthusiasm for the European market as new sectors emerge. The big dollars these days are being spent on computer chips and financial services, replacing the auto and engineering industries that dominated US interests between the 1950s and the 1980s.

Among the most recent big ticket investments was a \$1 billion commitment by United Parcel Service to developing its European network, and \$1 billion



Officials from the state of Alabama and Mercedes-Benz pose on the site of a new factory that will build sport utility vehicles.

semiconductor plants being built by IBM in France and by Intel in Ireland. Meanwhile, General Electric Capital spent \$2.5 billion in 1995 alone acquiring a German reinsurance group and a French finance company.

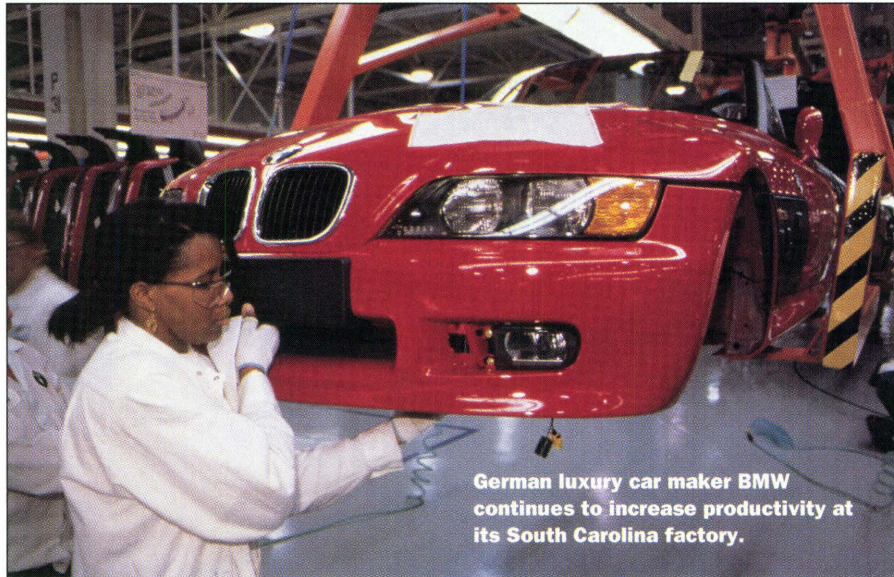
European companies also continue to invest heavily in the United States, often spending more across the Atlantic than in Europe despite the creation of the barrier-free single market. Among the biggest deals in 1995 was

abandon the planned free trade zone. But several key figures, including Stuart Eizenstat, the US ambassador to the EU in Brussels, and Sir Leon Brittan, the EU's trade commissioner, kept the idea afloat, paving the way for a US-EU

omies can do better and grow faster."

The two sides pledged to work toward mutual recognition of each other's product standards and certification procedures, the main demand of the businesspeople who met in Seville. "Europe

The Uruguay Round world trade accord "was a very good step forward," Mr. Clinton said, "but our advanced economies can do better and grow faster."



German luxury car maker BMW continues to increase productivity at its South Carolina factory.

and America will be more open for business," Mr. Santer said. "If it's made in Europe, it must be good enough for America, and vice versa."

The Madrid summit agreed to work toward creating a transatlantic marketplace where goods and services would flow freely. The agreement "commits both the EU and the US to take further action to open our markets to each other," Mr. Clinton said. It would help to create jobs, according to Mickey Kantor, the US trade representative.

In fact, the momentum toward more open markets was building up well before the summit. The US and the EU had already agreed to negotiate phasing out tariffs and non-tariff barriers to all information technology products such as software programs, computers, and semiconductors by the year 2000.

And the two sides are playing a key role in negotiations in the World Trade Organization (WTO) in Geneva to liberalize sectors that weren't covered by the Uruguay Round deal, such as telecommunications and international shipping.

The agreement in Madrid has given Washington and Brussels an opportunity to ensure the transatlantic relationship remains special to both even as the EU looks to its east and the US to its west. "There is no other relationship of equal importance for ourselves or for the Americans," said the EU's Sir Leon Brittan.

And the good news is that the EU will have a firm friend across the Atlantic. Ambassador Eizenstat, who did much of the work creating the new relationship, is moving back to Washington to become an assistant secretary for international trade. ☺

the \$4.2 billion joint purchase by Deutsche Telekom and France Telecom, the German and French telecommunications firms, of a 20 percent stake in Sprint, the third largest US long distance telephone operator.

Nevertheless, there was a widespread feeling that the transatlantic relationship had to be updated for the 21st century. The trade rows that had soured relations for the past 10 years have mostly been resolved, the biggest remaining problem being the EU's banana import regime, which Washington claims discriminates against US companies with interests in Latin America.

The US got the ball rolling with Secretary of State Warren Christopher floating the idea of a transatlantic free trade zone, modeled on NAFTA, last June. Several EU countries, including Germany and the United Kingdom, as well as the European Commission, responded favorably, paving the way for intensive diplomatic activity for the rest of the year.

Domestic protectionist pressure in the EU, notably in France, and in the US, forced Washington and Brussels to

summit in Madrid last December that pledged to ease two-way trade and investment flows.

European and American businesspeople also played a key role with more than 100 corporate executives meeting in Seville, Spain, last November to prepare a blueprint for transatlantic relations. With the US represented by chairmen and chief executives of major companies, such as Ford, Bethlehem Steel, Tenneco, and Xerox, and Europe by the heads of giants like Philips, Rolls Royce, Fiat, British Petroleum, and Nokia, the meeting sent a powerful message to Brussels and Washington that the business community wanted action to remove remaining obstacles to trade and investment.

And that's what President Bill Clinton promised at an EU-US summit in Madrid in December that was attended by Felipe González, the Spanish prime minister, and Jacques Santer, president of the European Commission.

The Uruguay Round world trade accord "was a very good step forward," Mr. Clinton said, "but our advanced econ-

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Inside EUROPE

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EU NEWS

SPAIN'S EU PRESIDENCY

It's not every European Union member which gets to cap its rotating presidency with a visit from a US president, but then Spain's tenure in the six-month post was notable for its emphasis on foreign relations.

In the month leading up to Bill Clinton's stopover in Madrid, US and European business leaders agreed in Seville on an ambitious program to promote transatlantic trade, and the EU sat down with a dozen of its Mediterranean neighbors to iron out agreements on political, economic, and security cooperation.

An accord to eventually create a free trade area was also signed with four South American nations, and the European Parliament voted to approve a customs union between Turkey and the EU.

"The Spanish presidency of the European Union has been a great success," Foreign Minister Javier Solana said. "Everybody admits it has been a magnificent presidency."

After traveling to Northern Ireland, Britain, and Ireland, then dropping in on Bosnia-bound American soldiers in Germany, Clinton wound up his mini-tour of Europe in Spain to reaffirm transatlantic relations.

Following a whirlwind visit to the Prado Museum and dinner with King Juan Carlos and Queen Sofia, Clinton signed the New Transatlantic Agenda with European Commission President Jacques Santer and Spanish Prime Minister Felipe González.

The agenda, drawn up during six months of negotiations, covers a wide range of concerns and is meant to fix US attention back on Europe after years of focusing on the emerging markets in Latin America and Asia.

Among other areas, the agenda commits both parties to promote peace and democracy around the world; foster market economies in the former Soviet bloc; defend human rights, nuclear non-proliferation, and disarmament; fight terrorism, drug trafficking, il-

legal immigration, and the spread of communicable diseases; and work to protect the environment.

In economic matters, the covenant urges progress toward an efficient, growth-oriented transatlantic economy, expand world trade, and strengthen the multilateral trading system.

"Today we are moving beyond talk to action," Clinton said. "Our destiny in America is still linked to Europe."

Santer called the signing "a historic moment for transatlantic relations" while González praised it as a "quantum leap forward" in US-European relations.

But not everything went smoothly. Diplomats said at one point Clinton protested to the Europeans over their strategy of trying to moderate the behavior of Iran through trade contacts, and the French held things up when they insisted on a clause calling for monetary stability.

Three weeks earlier, commerce was at the top of the agenda when businessmen from both sides of the Atlantic gathered in the Andalusian capital to come up with ideas on fostering trade.

"It is a chance to take the strength of the relationship beyond a security relationship and to focus on economic prosperity," said Commerce Secretary Ron Brown, who hosted the event along with European Commissioners Sir Leon Brittan and Martin Bangemann.

Attending the meeting were 100 executives from such heavyweights as Ford, Phillips, IBM, Tenneco, BASF, Xerox, and Goldman Sachs International.

Trade between the United States and the EU amounts to \$1.7 trillion a year (EU and US company corporate sales in each others' markets), or 50 percent more than US commerce with the nations of the Pacific. Meanwhile, \$260 billion in European investment provides almost 3 million American jobs.

At the end of the weekend, the executives recommended that Washington and Brussels improve the economic fundamentals which support monetary stability, develop and adopt common product stan-

dards, work toward a multilateral accord on investment, and combine their efforts to strengthen the World Trade Organization.

They also called for more transparency and cooperation in setting standards, compliance requirements, certification procedures, and product approval.

"Our common goal is to make the European Union and the United States competitive...by eliminating excessive regulations and public policy impediments," said German chemical company chief Jürgen Strube.

In Barcelona, the European Union invited its 12 southern neighbors to sit down and talk about their problems which the Europeans see as already spilling over into the EU.

Spain, in particular, as well as France, Italy, and Greece have long been worried about what's happening in North Africa where there is a civil war in Algeria, growing fundamentalism in Egypt, electoral gains by a Muslim political party in Turkey, and a demographic nightmare throughout the region.

Unrest, economic woes, and bursting populations are sending waves of immigrants across the Mediterranean to seek a better life in Europe where right-wing reaction to these strangers is often violent.

To address these concerns, the foreign ministers of Morocco, Algeria, Tunisia, Egypt, Cyprus, Malta, Israel, Palestine, Jordan, Syria, Lebanon, and Turkey came to the Mediterranean port city to discuss aid, trade, and other measures on offer from the EU.

In two days of talks, the Europeans said they would provide \$6 billion over the next five years for infrastructure and other development projects and promised to establish a free trade zone in the Mediterranean within 15 years.

All parties also agreed to combat the usual bugaboos of illegal immigrants, crime, and drug trafficking, support human rights, democracy, and religious tolerance, and respect everyone else's borders.

In another landmark deal, the European Union signed an accord with the Latin American Mercosur trade bloc composed of Argentina, Brazil, Uruguay, and Paraguay on freeing trade between the two.

Manuel Marín, the Spanish EU commissioner who set up the deal, noted that Mercosur has an annual GDP of \$715 billion, putting it in fourth place behind the United States, Japan, and the EU.

Spain has long been a voice within the European Union for closer ties with Latin America and this agreement, along with those with the United States and the Mediterranean basin countries, was the perfect topper to its six months at the EU helm.

—*Benjamin Jones*

PORTUGAL'S NEW SOCIALIST GOVERNMENT

Five months ago, Portugal's Socialist Party was swept into government by an electorate weary of 10 years of

center-right rule. The political honeymoon that followed lasted a surprisingly long time, but at last it seems to be coming to an end.

On taking office last October, Prime Minister Antonio Guterres pledged that he would lead a more caring government; one which would tackle social issues while keeping a tight rein on public spending. He promised to boost spending on education without raising taxes, saying he could achieve this by rooting out tax evasion and other forms of corruption. Allegations of corruption had dogged two previous Social Democratic administrations.

For many Portuguese Mr. Guterres was a breath of fresh air, and his popularity even began to rival that of outgoing President Mario Soares, who has been "father of the nation" for a decade.

But political reality has finally begun to catch up with the dynamic Mr. Guterres. Ironically, it was a tax evasion scandal that plunged the government into its first real crisis.

Two days before January's presidential election, Public Works Minister Murteira Nabo was forced to step down when a newspaper revealed that he had avoided paying property tax by declaring his house at three quarters of its actual value. The speed with which Nabo resigned saved the government from prolonged embarrassment and Socialist Jorge Sampaio still managed to win the presidential poll with a comfortable majority, but the opposition has made the most of the government's discomfort over the issue.

The Socialists have also had to strike a higher wage deal with public sector unions than they had originally intended. They have agreed to wage increases of 4.25 percent this year, which is 0.75 points above forecast inflation. Financial analysts say the government will now have to seek savings elsewhere in its 1996 budget, and this may mean cuts in public sector investment.

The government must keep a lid on spending if it is to meet the European Union's Maastricht criteria for setting up a common currency. Portugal has pledged to reduce its budgeted deficit to 4.3 percent of gross domestic product this year from around 5.6 percent in 1995.

Despite the fact that the Socialists' period of grace appears to be over, there is no sign of serious voter disenchantment. Mr. Guterres has been helped by the election of fellow Socialist Jorge Sampaio as president, which is seen as confirmation of a swing to the left in Portuguese politics.

The opposition also has been lending the government a hand. Fernando Nogueira, the head of the Social Democrats who led his party to election defeat in October and January, recently stepped down. His resignation has thrown his party into disarray and removes the prospect, for the meantime, of any strong opposition to Mr. Guterres.

—*Samantha McArthur*

UPCOMING EVENTS

March 1-2—European and Asian heads of state meet for the first ever EU-Asian Summit in Bangkok.

EU NEWS (CONTINUED)

March 3—Spain will hold general elections. Opinion polls predict that the conservative Popular Party (PP) will defeat the ruling Socialist Party led Prime Minister Felipe González.

MACCANICO NAMED ITALIAN PM DESIGNATE

Antonio Maccanico, 71, was asked February 1 by Italian President Oscar Luigi Scalfaro to try to form what would be Italy's fifty-fifth government since World War II. If successful, Maccanico would replace Lamberto Dini, whose unelected, technocrat government resigned on January 11.

Maccanico, a former merchant banker and government minister, said that success would depend on reaching consensus among Italy's major political blocs on radical constitutional reforms. Failure to form a government would likely lead to early parliamentary elections.

Meanwhile, Maccanico would become prime minister one month into Italy's presidency of the European Union, which runs the first six months of 1996. While most of the Italian presidency's programs are follow-ups to earlier initiatives, a high-point will be the intergovernmental conference for the revision of the Maastricht Treaty in Turin on March 29–30. The problems of forming the government, however, are not likely to affect its EU presidency.

NOTEBOOK: MADRID EURO-SUMMIT

In one of the most decisive summits in years, European Union leaders meeting in Madrid in December set the course for future a monetary union and decided when to start talks on admitting the former Soviet bloc nations who have been pushing to join.

"I wanted the summit to send a strong message. It did," said European Commission President Jacques Santer, while German Chancellor Helmut Kohl told reporters that the EU now has "a clear course in all the important areas."

On the first day of the two-day meeting at a conference center near the Spanish capital's international airport, the 15 leaders came out in favor of naming the single currency the "euro."

After rebuffing French efforts to dub the currency the "ecu," they also agreed that "euro" would stand alone and not be a prefix for "euro-mark" or "euro-pound" in the individual countries, as some had suggested.

The single currency is to be a reality by January 1, 1999 in those countries that meet rigid qualifications concerning debt, deficits, inflation, and interest rates, and governments can then begin issuing marketable debt in euros.

Which countries meet the criteria to join the monetary union is to be decided in early 1998. Coins and notes will begin to circulate on January 1, 2002.

The United Kingdom's John Major, badgered at home by so-called "euro-skeptics" in his own party, was clearly unhappy with the current issue, cautioning that there had not been enough debate among the 15 on possible repercussions.

"The impact of economic and monetary union, not just on the members who go into it but on the whole of the European Union, just simply has not been thought through," he told a news conference after the summit.

The other main issue at the summit was the admission of new members. Seven countries—Bulgaria, Estonia, Romania, Poland, Hungary, Slovakia, and Lithuania—have asked to join and several others, like the

Czech Republic and Latvia, are expected to do so soon. Diplomats said the first hopefuls could join the EU by the year 2000.

Germany is known to be keen on having its neighbors Poland, the Czech Republic, and Hungary be the first in line, while the Nordic EU nations want to see neighboring Latvia, Estonia, and Lithuania join.

Some European Union leaders are worried that the new, poorer members would be a major drain on EU coffers, and others are concerned that if the group becomes too large, decision-making could be paralyzed.

In other summit business, the leaders agreed to begin talks with Cuba on a trade and economic cooperation deal and signed an accord with the Mercosur nations—Argentina, Paraguay, Uruguay, and Brazil—to gradually end obstacles to trade.

—Benjamin Jones

WHAT THEY SAID

"Now our troops and a strong NATO, together with our new partners from Central Europe and elsewhere, are helping that peace to take hold."

—President Bill Clinton, in his state of the union address, discussing America and Europe's peacekeeping role in Bosnia.

"Without a single currency, the benefits of the single market will never be fully realized."

—Jacques Santer, president of the European Commission, discussing the euro, the new name for the EU's planned single currency.

BUSINESS BRIEFS

The **European Commission** approved a strategic alliance between **Lufthansa**, the German airline, and **Scandinavian Airline System** (SAS), that will create Europe's biggest route network and a powerful competitor in the long-haul market.

While the companies will retain their independence—and logos—they will coordinate flight schedules, combine check-in facilities, and merge their frequent flyer programs.

Approval for the alliance is likely to trigger a fresh round of talks between carriers seeking partnerships, cooperation deals, and even full mergers to prepare for the complete liberalization of the European market in April 1997.

Analysts say **British Airways** and **KLM Royal Dutch Airlines** are most likely to lose market share to the new alliance. And this has refueled speculation the two carriers will eventually revive a merger that fell through several years ago to create a carrier able to challenge the biggest US airlines.

•••

German car makers shrugged off the economic downturn to post bumper sales both at home and abroad.

Volkswagen, the leading volume car manufacturer, was market leader in Western Europe for the tenth time in a row in 1995, with sales rising by 4.6 percent to 2.14 million vehicles, or 16.8 percent of total sales in Europe, up from 15.8 percent in 1994.

At the luxury end of the market, **Mercedes-Benz** expects its sales to reach a record of more than 600,000 units as new models are introduced up from 500,000 in 1994.

Mercedes expects to sell 85,000 cars in the US this year, following a 5 percent jump in deliveries last year to nearly 77,000 vehicles.

•••

Germany is and will remain the favored location for European companies planning to establish a foreign operation in Europe, according to a recent survey.

The report, by **Cox Consulting**, showed the UK slipping from second to seventh place, attributed to the perceived anti-European sentiment in

the ruling Conservative Party.

But the UK remains top spot for US manufacturers, according to a report by consultants **Ernst & Young** that showed US firms invested in 132 plants in the UK in 1994, more than double the number in France.

The United Kingdom's share of all US investment in the EU rose to 37 percent, nearly double the level recorded in 1991.

•••

Japanese firms are boosting their spending in Europe again after a slowdown in the past five years as they concentrated on shifting production from Japan to cheaper neighboring Southeast Asian countries.

Mitsubishi Motors, the latest Japanese car manufacturer to set up in Europe, plans to produce 130,000 vehicles at a plant in the southern Netherlands that it jointly owns with **Volvo** of Sweden, more than five times output in 1995.

Meanwhile, **Honda**, **Nissan**, and **Toyota** are expected to build around 650,000 cars in Britain in 1996 compared with 500,000 in 1995.

And **Toshiba**, the electronics firm, is installing a new production line at a German plant to expand output of power control equipment in Europe.

•••

The American railroad company that acquired Britain's Royal Train has now purchased **British Rail's** bulk freight business.

Wisconsin Central Transportation paid \$347 million for **Trainload Freight**, beating off a rival bid from **Omnitrax**, a Denver-based railway company.

The sale of Trainload is part of the privatization of **British Rail** which will make Britain the only country in Europe with a privately owned rail system.

•••

Electrolux, the world's biggest household appliances group, took control of Brazil's second largest white goods manufacturer in a major step toward expanding its presence beyond Europe and North America.

The Swedish firm paid \$50 million for 41 percent of **Refripar** to add to the 10 percent it already held and

plans to bid for a further 37 percent at a cost of around \$45 million.

Electrolux is spending more than \$400 million in China, India, Southeast Asia, and Eastern Europe as well as Latin America as part of a plan to double sales in these emerging markets to \$3 billion—or 20 percent of its total sales—from \$1.5 billion at present.

•••

Oil output in the North Sea will rise sharply in 1996 and keep rising until the end of the century before it begins to gently decline, according to the Paris-based **International Energy Agency** (IEA).

The IEA says production will rise by 12 percent, or around 740,000 barrels per day, to 6.71 million b/d in 1996, with the gain shared equally between the Norwegian and UK sectors.

Output will climb steadily before peaking in 1999 at 7.68 million b/d, up 28 percent, or 1.7 million b/d, from 1995's production of 5.98 million b/d.

Technological changes and an improved fiscal climate in the UK have raised the level of the peak, postponed its arrival, and also slowed its rate of decline.

Previously, analysts said North Sea production would reach its peak in the mid-1990s and fall away sharply after that. Now they expect Norway and the UK to frustrate OPEC's efforts to raise prices until the beginning of the 21st century.

—Bruce Barnard

INSIDE EUROPE

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By Benjamin Jones

New NATO Secretary-General

Javier Solana

Even Spaniards were a bit taken aback when the name of Spanish Foreign Minister Javier Solana began to circulate as a possible candidate to be the next secretary-general of the North Atlantic Treaty Organization.

Although a brilliant diplomat, Solana, 53, just didn't fit the usual profile for secretaries-general, which have tended to be rock-solid establishment types from northern Europe, like Lord Carrington or retired general Manfred Wörner.

The bespectacled and bearded Solana is a southerner, a Socialist, a former student radical, and a senior minister in a government which had opted to stay out of the alliance's military command.

But after the resignation of Belgium's Willy Claes in October, other candidates were found wanting, and Solana surfaced as a compromise.

Solana's candidacy caused problems at home, however. Spanish Prime Minister Felipe González, after 13 years in power, is beset with political and financial scandals. Facing general elections next March, he had indicated he might not run.

And with recent opinion polls showing the ruling Socialists far behind their conservative rivals, the party was hoping that a new face such as Solana's might just boost the party in the polls.

Solana had been in the González cabinet since the Socialists first came to power in 1982, was well-known and respected by the electorate, and equally important, was untainted by the improprieties which had brought down many of his colleagues over the past several years.

As the Socialists wrung their hands over whether to offer up one of their own for the high-profile NATO job or keep him home on the chance he might make a difference on election day, consensus in Brussels began to grow behind Solana.

But Madrid said they would not put Solana's name up unless the Americans gave him their unqualified and public support.

"Solana would be a candidate who would please many of the partners," said Italian Foreign Minister Susanna Agnelli. "But it is up to the Americans to decide who will be NATO secretary-general."

Then Solana got the boost he needed. Just a week before the alliance foreign ministers were to discuss the secretary-general's post, Solana skillfully brokered a last minute deal on the wording of the final declaration of the Euro-Mediterranean conference in Barcelona.

At issue were the references to terrorism, with Israel and Syria at loggerheads.

As the quarrel threatened to scuttle the two days of talks, Solana came up with new phrasing which pleased both parties and saved the day.

"It was a personal success for Mr. Solana, who carried out the negotia-



tions brilliantly," French Foreign Minister Hervé de Charette told reporters.

Born in 1942 to a Madrid family with liberal and republican leanings, Solana has spent his life in the world of academia and politics, which he entered more than two decades ago by joining the underground Socialist Youth movement.

Solana studied at the prestigious El Pilar school in Madrid and went on to major in physics at the Universidad Complutense. His academic career was briefly interrupted when he was expelled for membership in an anti-Franco movement, but he then carried on his studies in Britain.

In the late 1960s, Solana was a Fulbright scholar in the United States where he obtained his doctorate degree in physics. He then returned to teach at a Madrid university where he was again kicked out for political reasons.

In the 1970s, Solana moved up the ranks of the Socialist Party, and when they won the 1982 general elections, he was appointed culture minister.

He held that post until 1985 when González named him government spokesman, and three years later he took over the education and science portfolio.

In 1992, González tapped him for the foreign ministry job where he has helped advance Spain and Spanish interests on the international stage.

And as NATO secretary-general, Solana will need all his formidable skills to guide the alliance through its tricky task in Bosnia and the equally difficult job of expanding the organization to the east.

In remarks on taking up the post in December, Solana said "NATO's role is crucial, especially now when the security landscape of Europe is being redefined." ☺

Benjamin Jones is EUROPE's Madrid correspondent.

PAUL THEROUX'S

Mediterranean Odyssey

Well-known novelist and travel writer Paul Theroux visited *EUROPE*'s Washington DC offices during the promotional tour for his latest book, *The Pillars of Hercules: A Grand Tour of the Mediterranean*. Editor-in-chief Robert J. Guttman spoke to Theroux about his travels throughout the Mediterranean and his thoughts on specific locations and cultures, including Venice, Sicily, Greece, Spain, Corsica, the south of France. Theroux, whose works include *My Secret History*, *The Mosquito Coast*, *The Great Railway Bazaar*, *Riding the Iron Rooster*, and *The Happy Isles of Oceania*, also discusses the effects of the war in Bosnia on the Mediterranean region and the people's views of the European Union and the United States.

In one of your quotes, you said “Europe, and the Mediterranean in particular, is like a stage set, it gives drama to a trip, it is a background.” How are Europe and the Mediterranean a stage set?

It's been a stage set for both epic poetry, *The Odyssey*, the horrors of Algeria, the Venice Film Festival, and any number of romances. It really is like a set because each backdrop, like Nice or Mt. Etna or the Spanish coast seems to be all backdrop. And the foreground is probably less known. The foreground is people visiting—it's kind of what the Japanese call a floating world,

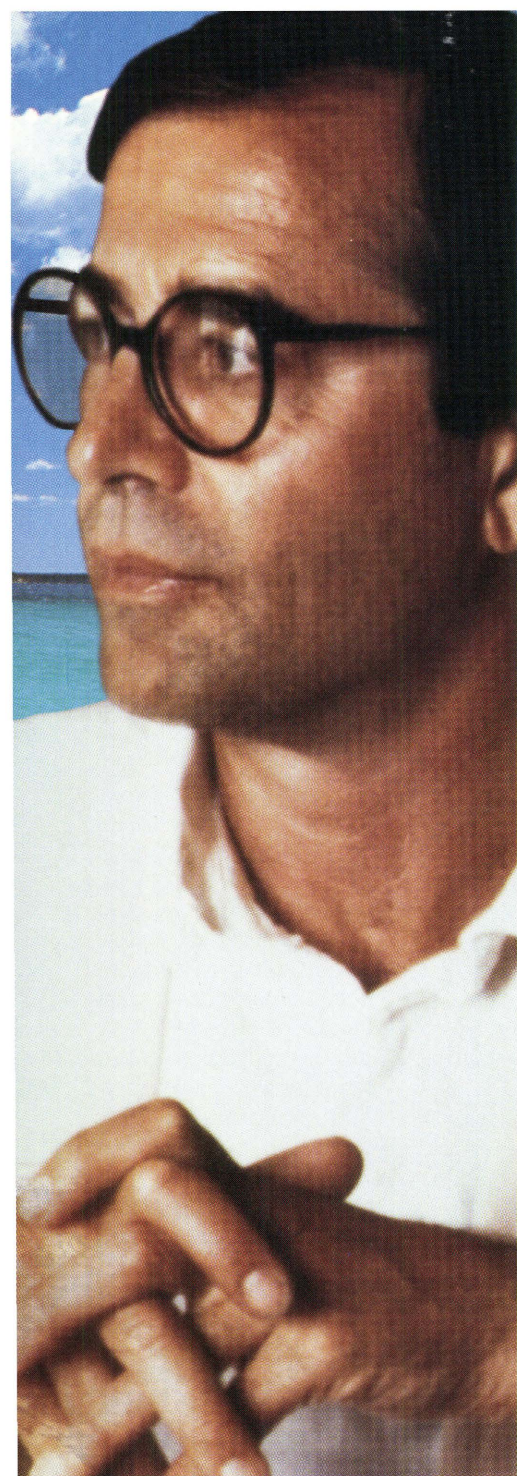
which is people coming and going and engaging in business, meeting, falling in love, falling out of love. And the sense that you have when you're there is that it's very hard to connect with so much history, with all the layers of history, that so many people have come and gone.

In a sense, it makes the stage somewhat anonymous in the foreground and then very well known in the background. A comparison I would make, in addition to being like a stage set—which all tourist destinations are, in a sense—is it's like a museum in which sometimes you're looking at the trea-

tures; sometimes you're looking at the other people who are there; and sometimes you're just looking out the window at what's going on outside the museum, that it's a kind of vantage point. And there's a museum quality in the Mediterranean that is very strong and very intimidating at times, too. In places it is a living museum and in other places totally moribund.

What about Venice? Is Venice a moribund museum, or is it a living museum?

Venice is a museum in large part. It's kind of a falling apart museum.



EUROPE INTERVIEW

You said, "Is it a living treasure?" Yes, it is, because it still has a beating heart. People are still there. And something about being a city on the water means that there's something living about it. So a city like that is kind of deathless. Except that you have a very strong feeling that in time it's going to be swallowed up. But it is a city which appears to be very fragile and has some kind of mortality.

You seem to like Italy better than any other European country. You said that it's a mothering kind of place.

In Italy, people are kind to you. I like Italy for two reasons. One is, I speak Italian. The first job I ever had was in Italy. So that helps. But also because of the way Italians are raised. People are nicer to you, but they're also nicer to each other in Italy. And that's not true of France. It's somewhat true of Spain. The Spanish are very polite to each other. The French aren't particularly nice to each other. People who aren't nice to each other, of course, are not going to be nice to foreigners. And it has to do with childhood, with the class system, what kind of government they have, with the past.

A lot of Europe behaves in the way that World War II affected them. That was a very determining factor—maybe not on the new generation, but certainly on my generation and the generations above it. People behave according to how they treated each other in the war, how they behaved, what side they were on in the war, whether they were occupied, whether they were the enemy, whether they were the victors, whether they had a resistance. Denmark for instance didn't have much of a resistance—didn't put up much resistance against the Germans, but the Netherlands did. And the Germans kind of walked into Denmark, and the Danish haven't really got over that. The Dutch look upon themselves as having been fairly heroic. The French try to, but they haven't really convinced themselves that they have.

Are you saying that people of Europe haven't really come to terms with World War II?

They've come to terms with it, but that they still feel stigmatized by it, and they're also viewed by outsiders in that way. Certainly, the Spanish very much so. The Irish, for goodness sake, were neutral in the war. That has determined how the English view them. The difference between Northern Ireland and [the Republic of] Ireland, to a very large extent, is that one side fought, the other one didn't. There were a lot of Irish people who joined up. And the other is that they see themselves, and they're seen from the outside, according to how they behaved at this crucial moment in history, these crucial years in history.

And there are places where you must not mention the war. Imagine 50 years later, don't mention it. For example, I read a book about Italian etiquette. It said, "If you go to an Italian home, it's a good idea to bring flowers, chocolates, or a bowl of fruit. The flowers should be not an even number." There should be an odd number of flowers for some reason, superstition. That's bad luck if you bring an even number. And the other thing is, "Don't mention religion, politics, or World War II." It's funny because the only thing I ever talk to Italians about are religion, politics, and World War II.

You say in your book you hate "noticing politics." But how can you not notice politics in these places?

It's hard. Yes, I hate noticing it because it seems such a squalid business generally speaking. It's like noticing the top 10. You know, you don't like to think that you care about the top 10 rock-and-roll songs, but you can still be mildly squalidly curious about it. There's so many dubious practices in European politics and so many scandals. You like to think that you're above them or you're not taken in by them. Particularly if you've traveled.

I was in the Pacific only a few years ago and wrote about it, and the idea that the French are exploding nuclear devices is kind of horrible.

I couldn't get to Algeria; it was too dangerous—but you're conscious of a lot of "to-ing and fro-ing," and that you have a strong sense that you're not in Europe but in the Mediterranean.

Venice is strange because Venice belongs to the world, and it's a good thing that it does because the Venetians have just let it go to rack and ruin.

Venice belongs to the world. But at the same time, I notice in my book that Venice is also a place where people are baking bread, eating spaghetti, going to work, feeding their cats, living their lives, taking their kids to school. And that people actually still live in Venice. I mention in the book how there's a prison in Venice. Imagine being in prison in Venice. It's amazing. But it's one of those unusual places in Europe which is a treasure.

You're in a place in which Europe has one shoreline, but that it's like a lake where Europe has a shoreline, Asia has a shoreline, and Africa has a shoreline. But the shoreline has more in common with each other than it does with its hinterland. I do think that's true in a lot of the Mediterranean.

Is violence the theme in the Mediterranean today—from Croatia to Algeria?

I don't know whether it's a theme. Let's say it's a fact of life in the Mediterranean. I did notice that because when people say, "What's your new book about? Oh, Mediterranean. Hey, tough duty." I said, "Well, I know you think that the Mediterranean is just the Riviera, but a lot of things are happening in the Mediterranean, including quite a lot of violence, so much in Algeria that you can't go there. Libya's not the happiest place on earth. Lebanon has a problem. Cyprus is divided. You know, you really are in a war zone in a lot of the places." I noticed it because so much of the Mediterranean is associated with lotus-eating and pleasure and honeymooners, and so forth. The idea of armed struggle in lot of places still going on is shocking when you know that they have lovely beaches and that people would be swimming on the beaches and having a very nice time if they weren't at war. Or the idea of proximity. One of the European paradoxes is that cultures coexist in close proximity and yet they're so different. The idea that Trieste shares a border with Slovenia, and is right next-door to Croatia. The idea of Albania, strange, haunted, ragged, and moth-eaten Albania next to Greece, which is a member of the EU. And Greece is kind of a welfare state. Not exactly a welfare state—it's like it's the disadvantaged member of the EU.

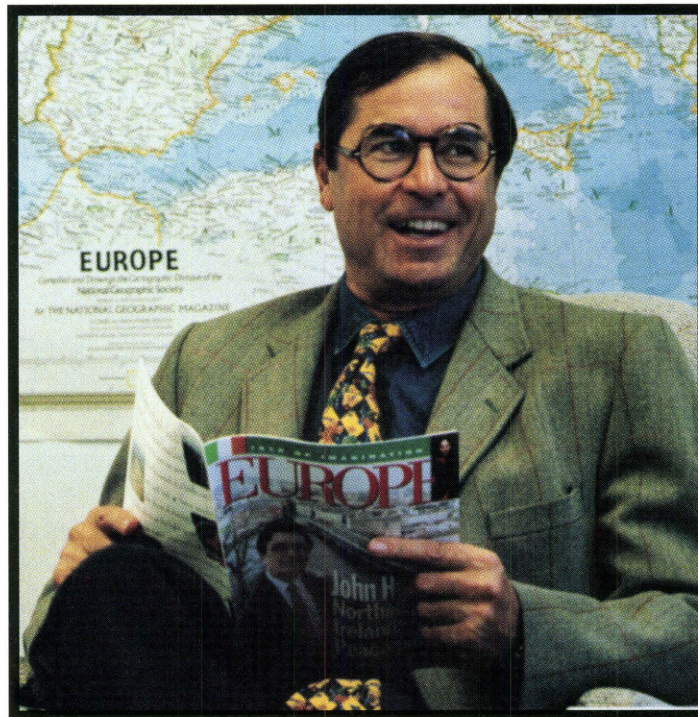
You said, "All of Greece seemed to me a cut-price theme park, and broken marble Athens had to be one of the ugliest cities

on earth. Greece has become respectable, even viable, as a welfare state."

As a kind of welfare scrounger on the EU, yes.

Is there anything good about Greece? You were pretty hard on Greece in your books?

The Greeks are very friendly people. They seem to be very provincial and regional in many respects. They have a sense of region. But they're family people. World War II definitely affected them. They also try to live down the colonels' rule. I guess that's true of the



Mediterranean. Each country is pointing to a glorious part of their past and kind of trying to shield a more disgraceful aspect of their past. We're all like that. I suppose Americans are like that, too.

Unfortunately, we live in the midst of a time, of a confusion in time where the past, the present, and the future are all bound up. Time past and time future are contained in time present. So that's certainly true of the Mediterranean. But you say is there anything good about Greece? There are lots of good things about Greece. But I wasn't there so much to pay them compliments. I was taking a trip in which things happened to me, and so I was writing about the things that happened to me rather than going to a library and writing dis-

passionately about the whole country.

How should we understand your book? Is it a diary of Paul Theroux? Is it Paul Theroux meeting people? Is it an American in Europe? How would you define it?

None of those things. It's simply a trip that I took at a particular time in particular places and recorded them. So it's not a diary because a diary is scribbled at night and is deliberately inelegant. You simply write. But this, I'd like to think, is well-written. The writing is more considered than that in a diary. It's not all autobiography because it's not just about me. It's not geography because it's probably full of inaccuracies. It's a travel book, but a travel book is almost an undefinable thing. It's a record of a trip that you took, but everyone's trip is different. And, to a certain extent, historians of the future can judge what these places were like by the experiences I had, but it's also conditioned by who I am, what I do. I'm a novelist so I like to think that the dialogue is accurate, but at the same time I've given some sense of landscape or topography to a place which is photographed so much that people have kind of lost their sense of what it might be.

A travel book is a very strange thing. There's no justification for writing it. It's a very self-indulgent thing to do. I'm interested in the life of the land. I'm interested in the people rather than strange museums.

Why do you think you're popular? Many reviewers call you a curmudgeon.

A lot of people do. I can't imagine, to tell you the truth, why anyone would give this a bad review. It's a good-humored book. I'm not looking for trouble. So why? I can't imagine why anyone would find fault with it. I'm speaking honestly. If I were given a book like this to review, I would think, well, this is a window on the world. This is Paul Theroux's window; I'm looking out his window. It's pretty

amusing. If I've never been to those places, I would feel somewhat enlightened or curious. But anyway, that's kind of interrupting your question. What was your question?

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Are you a curmudgeon?

No, I think in general people are unfamiliar with irony. And they take it to be the literal truth. So they think that ironizing, to be ironic about anything, is being contemptuous. It's not. It's just being witty, or making an attempt. So then I think that a lot of people who review books are obviously envious or talentless hacks, so that could explain a lot of bad reviewing.

You said in your book that "There's another book to be written. This is not one country; this is many countries." Are you going to do another book on that theme?

No, I'm not the person. That has to be done by someone who has much more time, has much more scholarship than I have. But I think it's true. People tell you that. People tell you in Spain, "This is many countries." In France people talk about how regional it is. There'd be a tremendously interesting book to write about Europe and the Mediterranean—it could be the Mediterranean; it could be Europe—as though the borders didn't exist, as though you were dealing with language groups, families, regions, geography.

Some places in Europe are one country on one side of the river and another country on the other side of the river. Well, you wonder, where does a country stop being a country? It doesn't stop at the border, that's for sure. And historically, you wonder.

The classic example of it is what happened to Yugoslavia. What happened to Yugoslavia? I was in Yugoslavia in 1973, and I remember people saying similar things to me then. They'd ask, "Are you having a good time?" I'd say, "Yes, it's lovely," and they'd say, "Well, it's not really the way it looks. This is actually a lot of countries." Well, it certainly is a lot of countries. And that was proven when it Balkanized into five or six different countries. That could happen anywhere, but it's kind of interesting.

Do you think the quest to have a united Europe is destined for failure?

It's destined for success, because all of these countries would far rather be members of a large union than be members of a small country which was divided. In other words, I can imagine Slovenia being more interested in being a member of the European Union than being a region in Yugoslavia. The same is true of many countries. In a way, that's the answer to devolution. You could imagine Scotland or Wales or Cornwall being happier as a member of the European Union than by being kind of client states of the queen, though I have no quarrel with the Queen of England. But, in a way, it's kind of neutralized. That's kind of allegiance, a smaller allegiance.

All the European Union has to do is stay honest and uncorrupted and fair. And as long as that happens, then no one will feel that they're being hard done by. As far as I can see, the European Union seems like a bottomless fund of help and subsidy. I don't know whether it is really bottomless, but it has been. That's been the kind of answer in the past. When Britain joined, there were a lot of people who said, "Oh, we don't want to be members of Europe," and other people said, "This is a great opportunity; financially this is a good deal. It'll mean we can buy things; we can sell things more cheaply and also get help." So there are a lot of different points of view.

The other thing is that it's not really understood by a lot of people. It is a rather Byzantine arrangement in Strasbourg and Brussels. A lot of people living in towns and villages in Britain had no idea who was governing or what a European MP was. People were running, and they were getting elected, and people didn't know who they were or what they were doing.

What about in the Mediterranean? Did you find much interest in the EU?

I asked people. I asked Turks about it, because I thought since Greece is a member wouldn't it be a good idea if Turkey was a full member in the same way that Greece was? One Turk I met I quoted as saying, "We're not ready.

We're not mature enough." And another thing was, "Does the European Union need another no-hoper?" Well, actually it's not. Turkey, you can't call it prosperous, but they make things. They make cars; they make steel. They're self-sufficient in a lot of areas. So I thought, well, why not?

I think the hard thing is to define Europe actually. You can have a member of the European Union, whereas so much of Europe is either somewhat Asiatic or, when you're in Turkey, you're practically in Levant. Even Greece, there's something oriental about Greece and Turkey and the Levant. And yet, there could be a justification for that, being part of Europe. It's a real problem of definition. And then (former) Warsaw Pact countries that obviously ought to be or could be members of the European Union are now seen as either countries where they send the Peace Corps or just in some netherworld of undefined geographical entities.

But your question was will Europe work? It might not, but I actually think that there's a better chance of it working now than ever.

You write that Albania was one of the weirdest places you've been.

Definitely.

Will you explain why you call Albania "the only third world scene I'd never witnessed that was entirely populated by Europeans? It seems deranged."

It's a country that had been hermetically sealed from the outside world for almost 50 years and where they had a severe puritanical Maoist dictatorship and no one was allowed to leave and no one was allowed to enter. Given that and the fact that they had no money and they still tried to be self-sufficient, you would have to emerge very, very strange—a country that had just been in the closet for almost 50 years and that hadn't developed notions, any political or intellectual notions, beyond hero-worshipping of a demented dictatorship. The surprising thing is that people can get through that and still be fairly normal. And I suppose one of the curious things about life is that somehow people manage to do that. The people survived, but the country didn't survive; the country didn't make it through. It

has no infrastructure. It has roads that don't look like roads. It has houses that don't look like houses. It has buses that don't look like buses. And when I was there, it had a hotel that was said to be one of the worst hotels in the world. Actually, I'd stayed in worse than the Hotel Dajti.

On the other hand, to someone like me, a traveler, a country like that is an absolute treasure. A country that is in the aftershock of all those years of falling apart. And so they're trying to put it back together again, but if you're a traveler and writing, then to find a country that has never been described before, it's really a thrill. I found it was a great thrill to go there, although I can say that superficially or physically it was in the worst shape of any country I traveled in the Mediterranean. It was probably in the worst shape of any country I've ever seen in my life. I was even trying to think. Was Fiji like this? Were the Solomon Islands like this? Was Burma like this? Was Borneo like this? Were the Cook Islands like this? And I end up thinking, no, no, no, not a chance. This has got to be rock bottom. I would go back any time, and I would have liked to have stayed longer.

Talking about rock bottom, do you think Bosnia and Croatia have hit rock bottom?

A country at war is at rock bottom. In the case of Bosnia, Serbia, and Croatia, this is essentially tribal warfare. What's lower than a blood feud? First a country at war is in a state of savagery because it's at war, and tribal warfare is an ancient and savage way of life. It's a horrible way. The surprising thing is that people do anything. You know, they still go to school; they still sweep the floor; they still drive cars. I'm always amazed. I had this feeling in Northern Ireland. People used to say, "Is it horrible there?" I'd say, "Yes, it's pretty horrible, but people still live their lives. They ride bicycles down the street; they cook meals; they go to work; they come home; they go to church; they take the kids to school; they do the laundry." It's amazing that people still manage to live normal lives.

Do you think people around the Mediterranean in these tragic situations just ad-

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just their lives and adapt to the situation at hand?

I don't think so. I remarked in the book that I don't think people are hardened, even by war.

The amazing thing is that they're not. They do have enemies. It's easier for a foreigner to be friendly with a Croatian or a Bosnian than it would be for someone more locally. For example, I can make friends with an Albanian; a Greek would have a hard time. And vice versa. Or if I was an Albanian, I wouldn't have got along that well in Greece, but most Greeks have American connections. It's that, but I'm more amazed by how pleasant people are. This is why people say I'm curmudgeonly, but I remarked in the book how almost alone among all the places I've been, in the Mediterranean, particularly in the European Mediterranean, you see an old man and an old woman holding hands. You see people sitting at a bus stop, a middle-aged man with his arm around his wife or holding a child on his lap—the man holding the child, not the woman holding the child. In other places, you don't see it. You see signs of people showing affection. If you are away from home and see a family together or old people holding hands, that's an unforgettable scene in my mind from a lot of places, from Spain, from France, from Italy, from Croatia, from Albania, from Greece. You see it less so in North Africa and the eastern Mediterranean. But you see it. To me people are not hardened. That's a very inspiring thing. That means that there is love and that it lives on, and there's a kind of hope in that.

What are your views on Corsica?

Corsica is a place apart. It's actually not. I mentioned in the book that it's French, but it's not France. It seemed to me a place that is ideal for a European Union country. They had lost all their patience with the French, but at the same time they needed the French, but they wanted to be themselves. Certainly, it was an island nation—that was like no other place. And the place with the only real forest. There wasn't another actual forest that I saw in the Mediterranean apart from Corsica, with

tall trees, real trees, and lots of them.

How about Gibraltar?

I felt that Gibraltar was going to end up like Hong Kong. I mentioned that, too. But Gibraltar is an anachronism, but with the nicest people I met in my whole trip. They're just like people from South London. They're probably a lot of Gibraltarians in South London. Sweet people, friendly, who had had very good relations with the British navy or British army. And their problem was that they live in a very small country, and there aren't many of them.

What about Sardinia?

Sardinia was an enigmatic place, again, very similar in some ways culturally to Corsica. Not that it was similar to Corsica. The culture is different, but it was obviously a region of Italy. But it's autonomous, and their own history was not part of Italian history, that it was also an island people, ancient, and a place that really wanted to have a separate identity. I had no idea when I went to Sardinia what kind of a landscape I would find there. I had a kind of preconception that I thought it was very mountainous. Generally it was like moorland. A lot of it was very rough, rugged, low hills, and a spectacular coastline.

What about Sicily?

Sicily is a much maligned place. They've lost a lot of population. But again, you mentioned islands, and island people are different. You could mention Malta or Cyprus. The people, the culture, has evolved differently. In a sense, they're very suspicious of outsiders because they live on islands, and so the real life of any island is in the interior. Its shoreline is very wise to the ways of the world because they're used to either being invaded or to carrying on trade. So Sicily is mysterious, ancient. I find the people friendly. I think they have a bad rap from the world which perceives them as Mafia-ridden and backward.

Actually, one of the paradoxes is that our versions of European countries are often given to us by people who left those countries—Sicilians in America, Irish in America, Albanians in America, or whatever. And when

you go there, you find that the people who stayed behind are quite different, much more mellow, and that the people who came here are very ambitious and haven't really come to terms with having left. They're half-guilty and half-resentful.

What about the south of France. You didn't seem to like Nice.

Well, Nice is a place that's overrun and overbuilt. The south of France, a lot of that part, the Riviera, is like that. There's just too many people. I could have made the same comment about greater Miami—Miami, Palm Beach, Ft. Lauderdale—because that's what happened there. A place gets a reputation for being paradise, as I remarked before, and it quickly turns into purgatory and then hell. Everyone goes there. And a harbor or a bay on the French coast, if it's halfway decent or even pretty, it quickly acquires condominiums and yachts and restaurants. It just becomes a horror, a pure horror. That's why Albania, southern Albania, has no development, and it's unique in the Mediterranean.

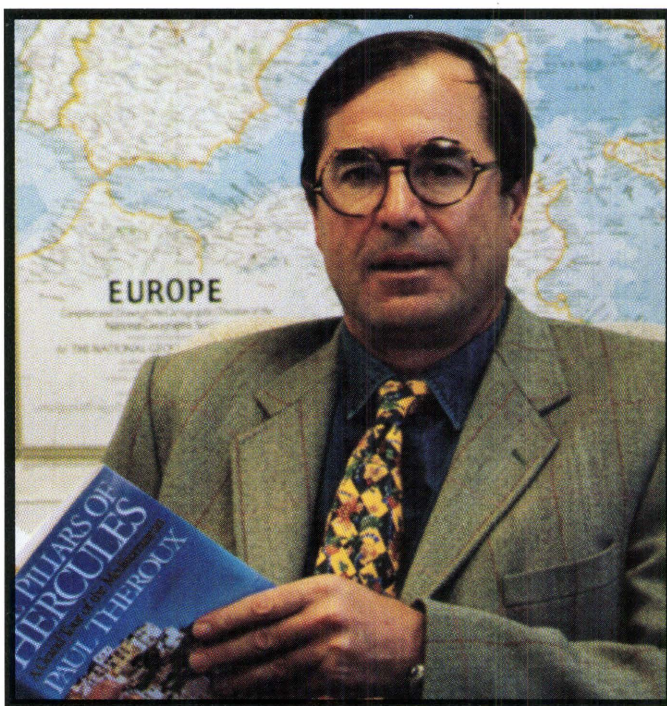
You said Majorca was what people think of as the Mediterranean.

One of the most beautiful places I went was in the north coast of Majorca. I thought it was truly beautiful, and in a large part, it's unspoiled. I didn't expect that. Of course it's a cliché in Britain that people go to Majorca and that it's been spoiled and that it's just wall-to-wall hotels. But that's not true. There are parts of Majorca that are very countrified that I hadn't expected because I'd always thought it was a crowded island of people eating fish and chips and drinking Watney's Red Barrel Beer and just there for a week, a cheap holiday. It's not true.

And Spain, you seemed to like Barcelona because they sold your books in the bookstore.

Well, that's a reason. Any writer would be delighted to find his or her books are in a bookstore. But it's not that. I may have made a flippant remark in that regard. But Barcelona is a beautiful city. Above all, I suppose you could divide cities into ones that are very pleasurable to walk in and ones where people are beeping their horns and trying to run you down. Barcelona is a very pleasant city for the pedestrian, and that's not true of all cities.

You mentioned Michael Jordan four or five times. Is American basketball well known around the Mediterranean?



It is certainly in Croatia and Bosnia and Serbia. There are a lot of former Yugoslavians who were members of an American basketball team. In the Pacific I was constantly running into people in Samoa who had relatives on American football teams. Samoans are very big, burly guys so they end up as tackles and guards on football teams. Maybe Serbo-Croats are much taller. But American basketball has caught on in Europe. Twenty years ago there were no teams. Now there are quite a few teams. And Jordan is a world-class athlete and very charismatic.

Is America well thought of in the Mediterranean?

In terms of popular culture, America has penetrated to the far corners of the earth. People in the Pacific are looking at Rambo videos. People who just a few years ago didn't even have electricity are watching videos using a generator. So, that's true in the Mediterranean, that video culture. MTV is big in the Mediterranean; American music is very big, as are movies, and certain sports; basketball is one of them. But popular culture has penetrated.

I lived in Italy in 1963 just before I joined the Peace Corps, and I can tell you that Italy was a country where men wore dark suits and ties; women wore modest dresses. If you showed me a picture, I could say that was Italy in the late 1950s or early 1960s just from the way people are dressed. They wore black shoes, brown suits, pinstriped suits, and cardigan sweaters. And that's pretty much how people dressed until a certain point, let's say it was in the late 1960s or early 1970s. The American style of dress caught on. Now, this is true of the world, but it's certainly true of the Mediterranean. There was a kind of formal dress, a dress code for men and a kind of formality. Now men wear blue jeans; they wear jackets; they wear t-shirts, sweatshirts. There's a kind of Americanization of dress, of clothes, and the same with women's clothes. And you can see a lot of pictures of

Mediterranean-looking people in American clothes, and you wouldn't know whether you were in Italy, Spain, or Croatia.

Maybe people don't know that they're wearing American clothes. The clothes are made in China. But the style comes from the American street—the baseball hat, the t-shirt, the blue jeans—now that's universal, from Syria to Spain, from Tunisia to Italy and Greece. So there's popular culture, and then there's a popular way of dressing, which is a very strange thing to see, particularly when 30-odd years ago I saw it differently. How people think about Americans, I don't know. I really don't know. But you would have to say that we have colonized their minds with

our culture. And perhaps with a lot of political ideas, too.

Are you a novelist that travels or a traveler who's a novelist?

I'm a writer who, when he doesn't have a fictional idea, takes a trip. I'm glad that I discovered that you can make a living—or that you can sing for your supper because travel's expensive. But it's a lonely thing. Graham Greene said, "It's the saddest of the pleasures." And it is a sad pleasure at times. You can be very homesick. But I'm glad that I'm able to do it, and that I can make a living at it. Because it would be pretty miserable not having a book to write, a short story or a novel or something, and then having to do something like play golf.

What do you do when you're not writing?

I write all the time. I'm never not writing. I'm either writing this or writing something else. But I'm saying that at least in travel you can go out and find a subject, which a novelist can't do. A novelist can't—although some have tried to do it—go in search of a character, but generally that doesn't work. The novelists that I've known, when they're not writing, they're going crazy.

One of the reasons I like your books is because you always meet with writers in different places. Do you line these up beforehand?

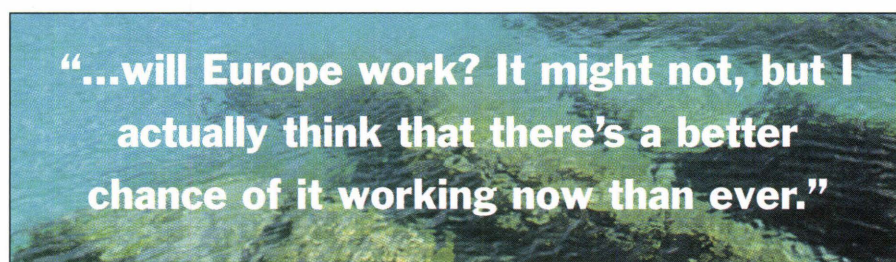
No, I tend to do a lot of reading beforehand or while I'm traveling. But we haven't talked about what a great literary feast the Mediterranean is. You know, in all parts of it. But certainly in the Mediterranean, every generation has produced a writer—a poet, a novelist, a playwright, an adventurer, something. And you name the country in the Mediterranean, and a dozen writers come to mind. That was the inspiration for a lot of my traveling. I found the idea of going to the Mediterranean very intimidating because I didn't feel I was intellectually up to it. You know that I felt so ignorant of the history. But I also felt inspired to go by so much of the writing that I had read over the years.

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Do you think novelists tell you as much about an area as a guidebook or anything else?

I don't sneer at guidebooks. They're very useful. You can find out what time the train leaves or whether this hotel has bedbugs. But there's something about a novel. A person doesn't become a writer because he's normal. A person usually becomes a writer because he's the opposite—he has a problem. So when a novelist agrees to see you, it's not like just any old person. So I felt blessed by being welcomed.

You said that writers are preoccupied, remote, vain, eccentric, and hospitable to praise? Does that sum up what you think about writers?



Yes. Most of them are like that. And I'm sure of that, because I'm that way.

Does it describe you?

Yes, probably to a T. To a T.

Do you have any other descriptions like that?

I have a strong stomach. I'm a traveler and, although my books may not seem so, uncomplaining. Uncomplaining. I wait in line. I travel economy. I put up with a lot of discomfort, and I don't always write about it because I know that no one wants to hear about your discomfort. No one wants to hear that you waited a long time or that your arrangements weren't perfect. I take trips that people would like to take themselves or are planning to take themselves. That, in a sense, I'm traveling for people. And I'd like to think that, in spite of all that's been said about me, that I have a sense of humor and that I'm not the negative person that some reviewers have made me out to be. If

you write a lot of books, people get to know you. They get to know your mind. And perhaps readers become very friendly with you. They know what to expect. And so it's like a friendship. A bond develops if you write a lot of books. But I don't know all the reasons. You'd have to ask the readers, I guess.

What are you working on now?

I'm working on a novel. And I'm writing a screenplay. I'm first writing a screenplay, and then I'm going to continue the novel that I have been working on.

What is the screenplay?

It's a Merchant-Ivory book—it's a Merchant-Ivory production. I'm adapting a book, not my own book.

And what about the novel—what's that about?

Two extracts were in the *New Yorker* this summer, one in July and one in August. It's a novel very much like *My Secret History*. It's similar to that.

Where do you vacation?

My idea of a great trip? Home. I actually like being home. I have a house on Cape Cod, and my fiancée lives in Honolulu, so I spend the rest of the time there.

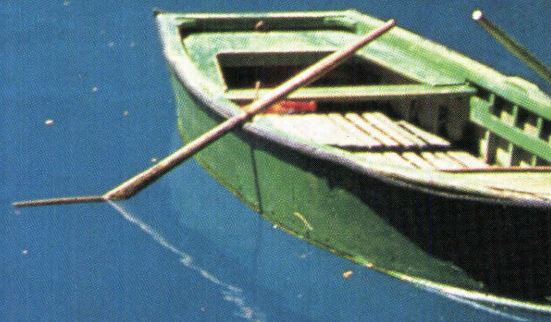
But then you ask where do I like to go. I like to be at home. I've a garden. I like gardening. In Hawaii I have bees. I'm a beekeeper. I should have told you that. You know one of the things that unites the Mediterranean? The war certainly—World War II; olives and olive growing; bees and beekeeping. In the Mediterranean almost every country has a long history of bees and beekeeping. Malta means honey. ☺

UNspoiled KEFALONIA

BY KERIN HOPE

RUGGED BUT GREEN, with some of the best beaches to be found in western Greece, the island of Kefalonia is less well-known than it should be. One reason is that there are only a few large resort hotels. Another is relatively infrequent flights from Athens, and bookings must be made in good time.

Kefalonia is big enough to make it worth hiring a jeep for a few days, both to reach less accessible beaches and take in some stunning views from rough roads across its precipitous hillsides. The variety is surprising, from pebble beaches shaded by olive and cypress trees in the north to long stretches of golden sand and dramatically bare gray and white cliffs in the south.





Located off the west coast of Greece in the Ionian Sea, Kefalonia is seeking to become a center for marine tourism.

Contrasts can be sharp on Kefalonia. It is renowned both for its shipowners, who run some of Greece's biggest merchant fleets from Piraeus and London but come back for vacations, and for a strong left-wing tradition that survived the demise of communism in Eastern Europe. Not surprisingly, Mrs. Aleka Paparriga, leader of Greece's still-active Communist Party, comes from one of the island's marxist villages.

Kefalonia's two towns, Lixouri and Argostoli, face each other across a deep inlet. So strong was the rivalry between them that the statue of Andreas Laskaratos, a 19th century poet from Lixouri, was erected in the town square with its back to Argostoli. Even now, the towns are inclined to compete rather than cooperate for government funds, and local politics are filled with controversy.

Mr. Gerasimos Metaxas, the island prefect, wants Kefalonia to become a center for marine tourism, with offshore tax and residence privileges. He says "Kefalonia, unlike most Greek islands, is both big enough, still comparatively unspoiled, and near enough to Western Europe to be developed as an offshore center for the region. The aim would be to bring back some of the expatriate talent—the lawyers, shipbrokers, and services experts—to work here."

Like the other Ionian islands, Kefalonia was spared the Ottoman occupation and remained under Venetian rule for six centuries before a brief period of British administration in the 19th century.

Argostoli's historical museum contains a well-preserved collection of costumes, furniture, porcelain, and portraits dating from British colonial days, and much of the island's road network dates from that period.

Kefalonia once boasted an opera house included on the Italian singers' circuit, elegant Venetian architecture, and a standard of living found on few Greek islands. But all that ended with a disastrous earthquake in 1953 which leveled most buildings on the island and left thousands homeless.

One village that survived with its square houses and red-tiled roofs almost intact is Fiscardo, a favorite anchorage for yachts on the northern tip of Kefalonia. The Venetian castles at Assos and Kastro are still impressive, and the monastery of St. Gerasimos, the island's patron saint, also escaped damage. Preserved in a silver sarcophagus, the mummified saint is still an object of reverence.

Remains from the classical past are few, but one recent archaeological discovery points to Kefalonia's importance in the Bronze Age. A beehive-shaped tomb near the port of Poros, similar to the royal burial places at Mycenae on the Greek mainland, dates from the 14th century BC. Finds of gold jewelry and sealstones suggest it was the vault of a rich ruling

family.

Climb the steep hillside above Poros and you find the walls of a Mycenaean fortress hidden in the pine forest. The view takes in a broad stretch of coast from the next-door island of Ithaca to the western Greek mainland.

Kefalonia has its own culinary traditions, including a spicy meat pie that may owe something to the British occupation and an unusually wide variety of "horta," wild greens doused in olive oil that are a staple of Greek taverna eating. But unlike many Greek islands, Kefalonia's vineyards have been revived by a new generation of winemakers. An Italian grape variety, robola, produces a dry white wine much appreciated by expatriate Kefalonians. Try any wine with the Gentilini label, produced on the Kosmetatos family estate. ☉

Kerin Hope is EUROPE's Athens correspondent and writes for the Financial Times.

CAPITALS

AN OVERVIEW OF
CURRENT AFFAIRS
IN EUROPE'S
CAPITALS

I KNOW FEW PEOPLE who would be more subtle as president, but what I mind about him is his followership," worries a 40 year old Warsaw lawyer discussing Poland's new, "post-communist" president, Alexander Kwasniewski. "The problem is the tens of thousands of people that stand behind him, especially the ones that have been hibernating for the past six years...just waiting for an occasion to take over the media, the banking system—that would be even more monolithic—and the local and regional administrations."

"We should avoid a *proces d'intention* (prejudgment)," counters a Western ambassador here. He refuses to condemn Kwasniewski before seeing how he will act in office—or to brand a person who has consistently voted in Parliament for radical economic reform as simply part of a regional trend restoring power to old Communists. He expects continuity, both in domestic reform policy and in Poland's drive to join the Western organizations: NATO and the European Union.

These comments neatly sum up the opposing views about the would-be Polish Kennedy who now sits, to everyone's surprise, in the presidential palace in Warsaw. The polarization has been intensified by the recent unresolved charges of espionage for Russia leveled against Kwasniewski's close political ally, former Prime Minister Jozef Oleksy.

The old Solidarity types—who lost to Kwasniewski because of his shrewd campaign last November and because they couldn't cooperate among themselves—fear that his ex-Communist Alliance of the Democratic Left (SLD) will staff the various bureaucracies with the old *nomenclatura*. Pragmatic foreigners, who calculate that even Communists-

Letter from Warsaw

turned capitalists will still operate like rational capitalists, tend to regard as irrelevant such moral compunctions arising from the past.



Polish voters responded favorably to the modern image presented by Alexander Kwasniewski (shown with his wife) electing him president over national hero and incumbent Lech Walesa.

The 41 year old Kwasniewski prefers, of course, the pragmatic image of himself. During and after his election he said repeatedly that he wants to transcend the old domestic divides and bring reconciliation. To emphasize this point, he resigned his party membership before taking the oath of office. And supporters argue plausibly that he has profited both financially and politically from the free market's booming economy and feel-good factor and will be much more of an economic disciplinarian than his populist predecessor, Solidarity hero Lech Walesa.

Nonetheless, the parting accusation by outgoing President Walesa—that Oleksy revealed Polish state secrets to Russia even in the post-Communist

1990s—augurs confrontation rather than social healing. So does Kwasniewski's appointment of a former Communist functionary to head the key ministry of the interior that will marshal the evidence for any prosecution of Oleksy, and Oleksy's own firing of the senior interior ministry official handling the investigation. Walesa pointedly boycotted his successor's inauguration in December as did senior Roman Catholic Church officials. Solidarity members of Parliament who attended the ceremony sat through it with stony faces.

The clash over Oleksy highlights the personal contrast between the sophisticated, multilingual Kwasniewski and the rough-hewn electrician with faulty Polish who preceded him. During last November's campaign Kwasniewski played the difference to his advantage. While Walesa was accusatory, emotional, and rude during their first television

debate, Kwasniewski was calm, rational, and non-provocative. While Walesa summoned specters of past confrontations, Kwasniewski stressed future common challenges. While Walesa still looked like the worker who climbed over the fence of the Lenon shipyard to lead the famous strike in 1980, Kwasniewski was the picture of an efficient Western manager, his blue eyes telegenic to close-up cameras, his figure trimmed down 33 pounds to fit Italian suits.

In the end, the majority of Polish voters judged Kwasniewski to be harmless or even the best man to push modern Poland forward. Turnout was a respectable 68 percent, with 51.7 percent voting for the man their parish priests

warned represented paganism. Kwasniewski did especially well among the young (53 percent from those under 30) and surprisingly—since the SLD's junior coalition partner, the Polish Peasant Party, did not endorse him—in smaller towns and rural areas.

Kwasniewski began his political career in the conventional way for Communist apparatchiks in the late 1970s and 1980s. The most remarkable aspect of his rise was that it came so late in the day, after Solidarity was banned in 1981 and the vast majority of society demonstratively rejected the party he still chose for his advancement. Kwasniewski specialized in technical studies at Gdansk University and almost finished his degree—at the end of last November's presidential campaign he was roundly criticized for having falsely claimed that he had the full degree—but then got diverted to party work for the Communists. He edited a youth newspaper then shot up to become minister of youth after martial law was declared and solidarity was outlawed. At the end of the 1980s he took part in the Communist-Solidarity roundtable that opened limited seats in the Sejm to Solidarity candidates. He subsequently lost his ministry as Walesa successfully forced the Communists to appoint a non-Communist government in that dramatic first reversal of the irreversible revolution of 1917.

As free elections took place in the 1990s, Kwasniewski played a key role in regathering remnants of the old Communist Party, non-Solidarity trade unions, and other "transmission-belt" groups to form the new SLD as a social democratic party. Given the disunity in the "post-Solidarity" camp of seven or eight parties—and the 5 percent minimum required to win seats in Parliament—his disciplined left coalition quickly assumed a dominant role. In the 1993 election it and the Communists' old client Peasant Party won a third of the votes, for close to two-thirds of Sejm seats and the right to form the government. Kwasniewski, preferring to play the *éminence grise*, let Peasant Party leader Waldemar Pawlak become prime minister and, after Pawlak stumbled, let Oleksy head the government while he himself aimed for the presidency.

Personally, Kwasniewski now faces several hurdles before he can be accepted as anything more than a glib opportunist by the 48 percent who voted against him.

Opposition politicians do appreciate his contribution to writing the draft of a balanced new constitution—and agree more with his concept of a modest presidential role than they did with Walesa's grandiose ambitions. The more secular of them don't mind the liberalization of abortion and the separation of church and state he supports or the rebuff his election administered to the Catholic church. Opposition members of Parliament also accept Kwasniewski's conversion in 1993 to the popular goal of Polish membership in NATO as well as in the European Union. (They worry less about his own commitment to membership in the Western organizations than they do about possible Western exploitation of doubts about him to block Poland's accession.)

Both Solidarity veterans and the man on the street are disappointed, however, that Kwasniewski has appointed left partisans or unknowns rather than men of supra-party stature to the three "presidential" ministries of interior, defense, and foreign affairs. And to

win respect from the general public, the new president must live down not only his false claim to a university degree but also his failure to report in financial disclosures the securities his wife purchased through old boy connections of Communists-turned-wheeler-dealers.

Like many other presidents, Kwasniewski now finds it easier to burnish his image abroad than at home. Starting with Germany and France, he has therefore begun a round of high-profile foreign visits. If he can bring home the prizes of NATO and EU membership, he hopes, this statesmanship will win over even those who voted against him.

—Elizabeth Pond

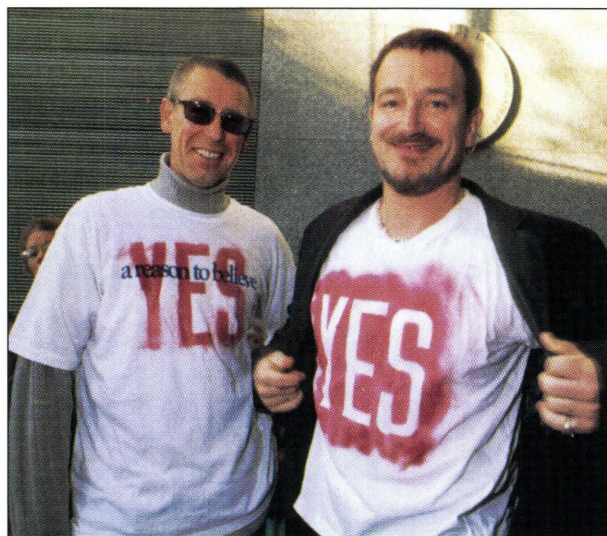
DUBLIN

A COUNTRY SPLIT

Ireland has voted for divorce but just barely. The result of the referendum was so close—50.2 percent to 49.8 per-

cent—that it was immediately challenged in the High Court by the Anti-Divorce Campaign on the grounds that the government acted illegally in spending public money in the campaign.

The result showed a country split between urban and rural areas on an issue which brought the Catholic Church and the government into the sharpest conflict for many years. Pope John Paul also intervened to urge a vote against divorce. The campaign provoked at times bitter confrontations between the liberal and conservative camps.



U2 band mates Adam Clayton and Bono display their position on Ireland's recent constitutional referendum on divorce.

It was the strong support from the greater Dublin area for lifting the constitutional divorce ban which swung the result. In the 1986 referendum when divorce was rejected by more than 60 percent of the electorate, Dublin voted narrowly in favor. This time Dublin's support rose to 60 percent and in the end only about 6,000 votes decided the issue. Four of the electoral areas outside Dublin also voted for divorce, but they were the dormitory suburbs of the capital, the cities of Cork and Limerick and the border county of Louth.

Clearly there is an urban-rural divide over divorce which will leave its mark in the political as well as the religious and social life of the country. It was striking how close the result was in spite of the fact that all the political parties and most of the media supported divorce. This split led the opponents to claim that the politicians and the media are out of touch with the "real Ireland" outside of Dublin. At the same time, the referendum showed that support for divorce

rose substantially in all areas since 1986 and that large numbers of the church-going population were prepared to go against the advice given from the pulpits.

The vote has been described as “the coming of age for the liberal agenda.” The “liberal” vote dealing with the issues such as the abortion ban being written into the constitution, divorce, and the election of the first woman president, Mary Robinson, has shown a steady rise from 33 percent in 1984 to a majority position, albeit an extremely narrow one. It has also been noted as significant in this context that the censorship ban on *Playboy* magazine has also been lifted after more than 30 years.

The closeness of the result showed that the government was politically wise to write restrictive conditions for the granting of divorce into the constitution instead of simply seeking the removal of the ban and asking the people to leave the grounds for separation to the politicians. Ireland now has a no-fault system, but a divorce will only be granted following a four-year period of living apart and if the other spouse and the children are properly provided for.

Time alone will tell if the opponents of divorce were right when they claimed it would open the flood gates to the collapse of family life on the scale seen in the US and Britain.

—Joe Carroll

ROME

RETIRED LEADER OR POTENTIAL CANDIDATE

Consider the following scenario: A strong, taciturn, politically independent leader retires after leading the country in a war against evil forces which had imperiled vital national interests. He is courted by virtually all political parties, and observers believe he could easily win a popular election to lead the country. So far, however, he is content to write books and make speeches and keep journalists and politicians guessing as to his own political beliefs and aspirations.

Such a scenario to an American would sound like the recent Colin Powell sweepstakes, during which virtually every news media outlet expostulated at length over the prospects of a Powell candidacy and politicians in Washington

held their collective breath in anticipation. But Italians would recognize the scenario to be a sketch of Antonio Di Pietro, the former judge who oversaw “Operation Clean Hands,” Italy’s massive, ongoing investigation into public corruption. Di Pietro became the symbol for the war on the network of bribes and political favors that had mired the Italian public and private sectors for decades.

The highly popular Di Pietro retired suddenly from the magistracy one year ago without saying publicly why he was leaving. And even though he has come under judicial scrutiny himself—many believe he is the target of a vendetta from those he has brought down—he is courted by every political party and continues to enjoy a high rating in public opinion polls.

So far he has said that he won’t affiliate with a political party. He has let it be known privately that he left because there was too much pressure and because politicians and entrepreneurs wanted to use his fight against corruption for their own devices. But he has offered no further explanation. For now he gives lectures, mostly in other countries, writes books, and avoids interviews.

Every now and then he comes out with an enigmatic phrase, which journalists and commentators immediately try to interpret. Will he run? Will he not run? And, above all, if he does run, with which party will he affiliate himself? Di Pietro has never officially declared his personal political preferences. But this ex-judge, who was first a police officer, has always been suspected of holding conservative sympathies. Such suspicions are thought to be why the progressive opposition is sending the most flattering invitations. “If Di Pietro comes with us, the progressive coalition will win for sure,” let slip Romano Prodi, the opposition candidate for the prime minister’s seat. Italy’s most courted man, however, continues to play mysterious.

—Niccolo D’Aquino

LUXEMBOURG

A MUTUAL AFFECTION

There’s never really a bad time to be an American in Luxembourg, but one of the best moments of all may have occurred on a wintry afternoon last December.

The day was Friday the eighth and

the place was the military cemetery at Hamm, just outside the city. What we witnessed was one of those rare moments when a country speaks with one voice to pledge its gratitude and admiration to another.

The people of Luxembourg—led by Grand Duke Jean and including schoolchildren, war veterans, and several thousand ordinary citizens—had gathered to pay homage to the great military leader General George S. Patton, revered throughout Luxembourg as the country’s liberator in World War II.

General Patton’s Third Army freed the city of Luxembourg from the Nazis in 1944 and then finally crushed the German offensive in the Battle of the Bulge in 1945, paving the way for the Allied victory.

Throughout Luxembourg, streets and squares are named after General Patton while hardly a single town does not lovingly cherish a ruined aircraft or burned-out tank as a memorial to the men of the US Third Army.

Killed in a road accident, soon after the end of the war, General Patton was buried alongside 5,076 of his officers and men in Hamm cemetery, as he had wished. Fifty years later, in the final anniversary ceremony of the war in Europe, Luxembourgers were honoring not just the man himself but the thousands of Americans to die in the campaigns. A rose was placed at the foot of each grave.

In a separate ceremony Grand Duke Jean and Prime Minister Jean-Claude Juncker laid wreaths at a memorial to General Dwight D. Eisenhower, the supreme commander of Allied forces in the war. Present at both services were Mrs. Helen Patton Plusczyk, General Patton’s granddaughter; US Ambassador Clay Constantinou; the chief of staff of the US European Command, Lieutenant General Richard Keller; the ambassadors of the United Kingdom, France, Germany, and several other nations; and a choir from the American International School in Luxembourg who sang Psalm 63, beloved of GIs.

The city’s leading newspaper, the *Luxemburger Wort*, was particularly impressed by the many young people who attended, remarking that they would help ensure that future generations would keep alive the lessons of history and the warm ties between America and Luxembourg.

Half a century after the end of the war, about 1,500 Americans now live in

Luxembourg, inheritors of the legacy of goodwill handed down by General Patton. Mostly they are employees of American banks and companies in Luxembourg and their families, and they form a close-knit but not exclusive community.

The Goodyear Tire and Rubber Company of Akron, Ohio, is Luxembourg's second largest private employer. Another well-known American corporate name in the Grand Duchy is that of E.I. du Pont de Nemours of Wilmington, Delaware. Inevitably, however, Americans are outnumbered in the English-speaking community by the British and Irish employed by the EU institutions in the city.

For most Americans, "living here is wonderful," says Mrs. Lande Hawie, a former hospital administrator from Atlanta, Georgia, who now heads the very active American Women's Club, which features monthly luncheons with guest speakers and runs an international bazaar for charity.

Unlike many European countries, Luxembourg does not dub films into the local language, and there is a huge variety of English-speaking television. An English-language newspaper, the *Luxembourg Times*, and a number of English and Irish shops also cater to the English-speaking community.

If there is a culture shock for newly arrived Americans, it's having to pay two or three times as much for a Big Mac or a gallon of gasoline than they're used to at home, says Ms. Jacky Bray, registrar at the American International School.

In a real sense the school, with 497 children, is the hub of the English-speaking community in Luxembourg. Students are educated, in English, to International Baccalaureate with most of the 133 American children (and many from other countries) going on to colleges in the US.

Ms. Bray speaks enthusiastically of the state of US-Luxembourg relations at present—a mutual affection that began more than 50 years ago and which was richly celebrated last December.

—Alan Osborn

VIENNA

A BALL EVERY NIGHT

From New Year's Eve to the end of February, Vienna's young and old dig out their finery and come to celebrate with an unrivaled gusto at a long series

of glittering balls.

It all starts with the Kaiser Ball on New Year's Eve, at the renowned Hofburg, formerly the imperial residence in the heart of the city, and it ends with another extravagant event, the internationally famous Opera Ball at the Vienna Opera, an ultra-elegant and highly social whirl for which the Austrian president is the patron. Tickets are not only extremely expensive but also very hard to come by.

The Opera Ball—a long night of waltzes danced not to one but to two orchestras—in a vast room that sparkles with lights, reflecting on sumptuous floral displays and resplendent, elegant gowns (all the women wear white, the men are in white ties and tails)—is not only a social but also a political occasion.

At most of these balls, participants tend to dress in the costumes according to the ball's theme. At the Jaeger Ball (Hunters' Ball) one sees the appropriate hunting outfits. At the Bakers' Ball, white chefs' aprons predominate.

Tickets are sold to all of those waltz nights and information on where to obtain them is available from the Vienna Tourist Board (tel. 011 43 1 211 14, fax 43 1 216 84 92).

Be warned, the Opera Ball is a tough nut to crack. The demand for tickets is huge, and the tickets themselves—expensive as they are—are good only for entry. The table and the food and drinks are charged separately, which further drives up the cost.

The Opera Ball—scheduled for February 15 of this year—has a long tradition that dates back to Austria's imperial days. The first one was held in 1873, when Archduchess Gisela, the daughter of Empress Elizabeth of Austria and Emperor Franz Joseph, married Prince Leopold of Bavaria.

It actually took place not at the opera, but at the Musikverein where Johann Strauss the Younger conducted the Vienna Philharmonic in the premier of his *Wiener Blut* waltz.

The first ball to use the opera house itself took place in 1877 with Johann Strauss again as the conductor.

For a couple of years these balls were called *Opera Masquerade*, because the ladies wore masks and picked their partners in the Parisian manner. The only difference was that in Vienna there was dancing; in Paris there was not. Masked balls were again on the schedule in Vienna this year.

The previous masquerade took place in 1899. Then the Opera Ball was discontinued because of insufficient safety precautions and a panic was feared in case of a fire.

In 1920, the Opera Ball was revived temporarily and continued again in 1935. In 1938, with the Austrian Nazis taking over and the Germans marching in, it came to an abrupt end.

During the war, the Vienna opera took a direct bomb hit and was severely damaged. In 1955, the Opera Ball was reborn and has lived up to its reputation as a national institution ever since.

—Fred Hift

AMSTERDAM

AJAX WORLD CHAMPIONS

"We are the champions of the world." The fans of Ajax, the soccer club of Amsterdam, were proudly singing these words of the late Freddie Mercury—and it was all true. Ajax gained the unofficial title of world championship for clubs in November, when it beat Gremio Porto Alegre from Brazil in the final of the world soccer cup that annually takes place in Tokyo. The cup went, for the second time, to Amsterdam.

Ajax has been having an incredibly good season this year, and it is probably fielding the strongest team it has ever

Members of team Ajax hoist the European Champions League trophy.



had in its rich history. Earlier in 1995, it won the Dutch national championship and the European Champions League title. It is well placed to win both titles again in 1996. When Ajax beat Real Madrid in the qualifications for the European Champions League 1995-96, the Spanish public treated the Dutch team with a spontaneous applause out of respect for the soccer exhibition that had been displayed in the Madrid stadium.

In the early 1970s, Ajax also had a number of excellent seasons, with Johan Cruyff as its star player. Today, the team with an average age of just 23 years, has not one player that can be singled out so easily. It's the combination of talent that makes Ajax such an astonishing success. And although some players are from abroad, a large part of the talent, like 19 year old Patrick Kluivert, has been nurtured in Ajax's own youth teams.

Ajax, established in 1900, has also given rise to an impressive popular support. The club has its home in Amsterdam, but more than any other Dutch club it can claim nationwide popularity. Like the royal family, Ajax is part of the national identity. Its supporters association is growing rapidly (almost 50,000 members); the best tickets are sold out well in advance; and business people consider it part of their corporate relations to have season boxes at the Ajax stadium. A new, larger stadium, which can be turned into an indoor arena by closing it off with a huge retractable ceiling, will open next season.

The team is also wildly successful off the field. Ajax is promoted like an industrial product, with flourishing sales of caps, shawls, shirts, socks, underwear, watches, and flags. The main sponsor, Dutch ABN Amro Bank, constantly features Ajax in its advertisements. Ajax, it is said, is a way of life for its supporters. There is a Miss Ajax competition, and some years ago, a devoted fan insisted on having his marriage celebrated on center of the Ajax field.

It is also a wealthy club. The international games and television-rights guarantee a constant flow of income. That cash enables Ajax to buy new players from other clubs. The current players group is valued at about \$50 million.

The professional and commercial success of Ajax is due to a combination of good luck, good management, and good stewardship. Difficulties with hooligans, common in—and outside—Europe's soccer stadiums, also plagued Ajax until just

a few years ago, but they have since disappeared. The stern hand of trainer Louis van Gaal seems to have convinced the players, as well as the supporters, that the fame of the club obliges them to behave on the field and in the stands. And of course, there is nothing more stimulating than constantly winning in order to ensure a festive mood.

—Roel Janssen

LONDON

BRITISH LOVE BEEF NO MORE

Britain's love affair with beef has gone sadly wrong. After centuries of virtual identification each with the other, the romance is fading.

As health fears soared in the winter, thousands of schools throughout the UK took beef off the luncheon menu and beef sales fell sharply in butcher shops and supermarkets.

This new stampede away from beef began on the eve of Christmas after one of the country's leading brain surgeons said he would no longer give his children beef burgers because of the risk of "mad cow disease" affecting humans.

Mad cow disease, or bovine spongiform encephalopathy (BSE), is a degenerative disease that destroys the brains of cattle. It was first noticed here in the mid-1980s when some cows began falling about and generally behaving in a strange or "mad" way.

In 1988 scientists traced the cause to cattle feed containing waste from sheep who had suffered their own form of the disease. Many scientists were disturbed by the fact that the disease had jumped between species and asked whether it could jump to people.

As beef sales plummeted the government proclaimed its complete confidence in the safety of beef. "There is no conceivable risk," declared Health Secretary Stephen Dorrell. Prime Minister John Major tucked into a beef dish during a visit to a local school in his constituency.

Unfortunately for both of them many of the government's own scientific advisers declared themselves less certain, and the columns of the August *British Medical Journal* and the *Lancet* were filled with expert analyses of the possible link between BSE and Cruetzfeldt-Jakob (CJD) a similarly degenerative disease which attacks the human brain.

Worse, there were statistically signifi-

cant reports of four dairy farmers dying from CJD in the past three years. These plus the deaths of two teenagers from the same disease was enough to set the public's nerves on edge.

It only needed neuropathologist Professor Sir Bernard Tomlinson to say on the BBC in December that he had stopped eating beef burgers or products containing beef offal such as sausages because of the risks between BSE and CJD to start the stampede.

Government attempts to play down the dangers were undermined not only by its own unpopularity, but also by the realization that the government has a difficult time trying to reconcile its dual role as protector of public health and promoter of agribusiness.

Sales of beef fell 20 percent after the last beef scare in 1990. With a further 5 percent drop in December alone the 73,000 farms engaged in raising beef are now facing a potentially disastrous situation. Also likely to be affected are the tens of thousands of additional jobs in slaughterhouses, butchers, and supermarkets. A rash of new unemployment is the government's worry.

But for the public at large, there is only one issue, health safety. As the Local Authorities Caterers Association put it when advising schools to ban beef, "Other meats should be used unless doubts about mad cow disease can be resolved."

As one commentator put it, "Turning vegetarian animals into meat eaters was asking for trouble."

—David Lennon

MADRID

GONZALEZ WILL RUN

After months of keeping Spain in suspense, embattled Prime Minister Felipe González announced in December that he would run again in general elections scheduled for March, his seventh trip to the polls since 1977.

González, 53, has been prime minister since 1982 when his Socialist Party finally won the general elections on their third try in a spectacular landslide.

Over the next 13 years, González brought his country into NATO and the European Union, engineered an economic boom that made Spain Europe's star performer in the late 1980s, and basked in the glow of that magic year

1992, which saw the Summer Olympic games in Barcelona and the world's fair in Seville.

But recession, scandals, and a feeling among voters that it's time for a change has taken a toll of the Socialists' popularity in recent years.

Opinion polls show that the ruling party will almost certainly lose against its main rival, the conservative Partido Popular, even as González remains the most admired politician in the country. This may be the reason why in the end he chose to run. Foreign Minister Javier Solana had been widely tipped to succeed González at the top of the Socialist party's list for the elections, but then he was chosen as the new NATO secretary-general.

Transport Minister José Borrell was also mentioned as a possibility, but with González delaying his decision on running until after Spain's spell as EU president, there was not enough time to get his candidacy up and running.

So González perhaps believes that, while the Socialists will indeed be defeated, his presence on the ballot might make the loss a bit less drastic.

In the last elections in 1993, the party lost its parliamentary majority and was forced to govern in a power-sharing arrangement with Catalan nationalists. But they withdrew their support from the Socialists last summer as the ruling party was weakened by almost daily press reports of the alleged involvement of senior officials in a "death squad" set up in the 1980s to kidnap and kill armed Basque separatists.

Low-level police and security officials claimed that the government paid for and ran a "dirty war" targeting the Basque separatist group ETA, although it has yet to be proven that the prime minister knew what was going on.

Twenty seven people were killed by the antiterrorist Liberation Groups, or GAL, although some of the victims had no relation with Basque separatism. This scandal, along with several others, finally forced González to call elections a year early.

—Benjamin Jones

PARIS

THE TEAM SPIRIT

On February 28 a French team unlike any other is celebrating its fiftieth an-

niversary as a champion. It has been present at virtually every major sporting event in the past half century, not just in France but internationally as well. From formula one racing to boxing, soccer, track and field, basketball, and even table tennis, *L'Equipe*—the Team—has been there, with a loyal fan club of at least 150,000 following its every move on a daily basis.

L'Equipe is France's one and only sports daily. Other newspapers have tried to give it some competition only to be left in the dust and so discouraged that they gave up altogether, leaving *L'Equipe* without a rival in the field of sports reporting.

The start of its unbeaten track record was 1946, the first year in which it made its appearance as the post-war incarnation of *L'Auto*, a paper which had concentrated on motor racing and cycling and had launched the historic Tour de France bicycle race in 1903. The re-baptized *L'Equipe*, true to its new name, broadened its coverage to include a wide variety of national and international team sports.

From a two-page paper published three times a week, it has gradually expanded to its present daily format of about 12 pages during the week and up to 28 pages on Mondays. It produced several peripheral publications which include a weekly *L'Equipe* magazine and specialized magazines on soccer, tennis, and cycling. It has also been the guiding force behind the creation of the *Coupe d'Europe* (the European Cup) for soccer, basketball, and track and field, as well as the *Coupe du Monde* (the World Cup) for skiing.

In keeping with its sporting nature, its format shows the flexibility of the true athlete. Unlike other dailies, its print runs can be altered dramatically at just a few hours' notice, according to what has been happening in the world of sports. There is a loyal base readership of 150,000, who read *L'Equipe* every day, no matter what. But when there are special events like the Tour de France or the Olympics, its circulation doubles, and on truly exceptional days, such as May 25, 1993, when Olympique de Marseille won the European soccer cup, its six printing presses can churn out close to 1 million copies.

Of all the journalists who had contributed to *L'Equipe*, one man has helped to shape its championship career more than anyone else. Starting in

1954, Robert Parienté spent 40 years with the paper, many of them as its editor-in-chief. During all that time he believes it has aimed to cover all sports, not just the crowd pleasers like soccer, and to look beyond France's borders at the development of international sports. *L'Equipe* also has tried, he says, "to maintain, in sports, a moral code, a set of ethics, and that means uncovering the scandals which can crop up, such as violence, drug abuse, cheating, and to try and keep sports free from political pressures."

Parienté considers the biggest influence on sports in recent years to be the spread of television and the enormous publicity revenue it generates. "The influence of money on sports is great," he says, "and will lead to, if we're not careful, favoring those sports which attract more spectators and therefore most advertising dollars." He warns that *L'Equipe* will have to be careful over the next decade or so not to let itself be steered away from its original goals.

After retiring from the paper in 1993, Parienté spent two years putting together a glossy two-volume retrospective of the main sporting highlights covered by *L'Equipe* over the past 50 years. Already in its third printing, the book shows the impressive team effort that has gone into making this particular winner stay the distance.

—Ester Laushway

BERLIN

LUTHER YEAR

The German office of tourism (DZT) is invoking the name of the world's first Protestant to boost its draw of foreign visitors to Germany in 1996. It has been 450 years since the death of Martin Luther, and this *Lutherjahr* will see the more than 30 million US, Canadian, and Scandinavian Lutherans targeted in the German marketing strategy.

Most of the key Luther sites in Germany are in the eastern part of the country: Eisleben, where Luther was born and died; Erfurt, where he studied for the priesthood; Wartburg, where he translated the New Testament; and, of course, Wittenberg, the birthplace of Protestantism. During the Luther Year each town is seeking, in its own way, to recreate the spirit of the Reformation. Museums are mounting displays of art



A united Germany is expecting 30 million foreign Lutherans to visit on the 450th anniversary of Martin Luther's death.

and artifacts; choirs are offering reformation music, special lectures, prayers, films, and conducted tours will show the larger than life presence of the Wittenberg rebel, the sheer force of his personality, that still broods over Christendom, affecting not only Lutherans but all Christians.

All scholars agree on Luther's importance for German culture. Luther's masterpiece was his translation of the New Testament from Greek into German, largely completed in 10 weeks at Wartburg Castle, and of the Old Testament published in 1534 with the assistance of Hebrew experts. The Luther Bible sold massively in his lifetime and remains today the authorized version in German-speaking Protestant churches. Before his Bible was published there was no standard German language but a profusion of dialects. For generations afterwards, Protestant Germans learned their language through his Bible. Luther's achievement was based on a superb choice of words, the proper level of style, the oral rhythm of speech, and the finely tuned linguistic sound.

As a result, Luther ranks with Johann Wolfgang von Goethe in German literature, affecting every German writer who followed. "It was Luther," said Johann Gottfried von Herder, one of Goethe's

mentors, "who has awakened and let loose the giant; the German language." Luther's gift of making faith comprehensible to common people brought him to popularize an educational device, the catechism, later used almost universally in the Roman Catholic Church. By informing feudal princes that they, as well as the church, had the responsibility to educate children, he laid the foundation for what would later become public grammar schools. Instruction, he prescribed, should be in German, not Latin. He also put worship services into the people's language. An accomplished lute player, Luther sponsored the first book of German hymns and chorales, many of which he composed; soon they supplanted Gregorian chant.

In 1983 when Martin Luther's five-hundredth birth anniversary was observed Germany was still divided. East Germany's listings of state and church-sponsored events ran to 66 pages: West Germany's to 69. "The *Lutherjahr* in 1996," the DZT says, "enables you to visit all locations associated with the Reformation in a united country." The organizers promise that the tours in the footsteps of Luther "will undoubtedly leave lasting and unforgettable impressions." The Year of Luther celebrations started in Erfurt on November 10, 1995, the birthday of Martin Luther. Erfurt, more than any other city in Germany, will allow the visitor to grasp the atmosphere in which Luther lived in the 16th century. The original places where Luther lived and worked, such as the Augustinian monastery, Michaelis Church, the St. Mary's Cathedral, and parts of the university, can still be visited in the well-preserved old quarter of the city.

—Wanda Menke-Glückert

STOCKHOLM

THE RIGHT PERSSON

No, no, no, no finally gave way to a yes, as Göran Persson, despite repeated and numerous denials, finally accepted the leadership role of his Social Democratic Party and, consequently, of the country. His insistence on not wanting the job was, up until the last day before the announcement, in all likelihood genuine. He argued, first of all, that he felt more at ease and more needed at his present post as minister of finance. Few would argue with that. Secondly, he said

he wanted to maintain the healthy dose of privacy and free time that his current job allows him but which he will most likely lose as prime minister. (Persson had recently married for the second time and moved into a new flat in Malmö in southern Sweden—he maintains that he will still commute even as prime minister.) In addition, Persson has little experience in international affairs, something of which he is himself acutely aware.

All of these arguments notwithstanding, when the party called in the end, Persson had to give in. The burly, broad-shouldered man thus assumes (in March) what many believe is a proper place for someone of his stature within the party. During the last year of economic belt-tightening and hardship, not to speak of the immense internal problems of the Social Democrats in finding a successor to Prime Minister Ingvar Carlsson, Persson stood out as perhaps the cabinet member of greatest authority. With his eyes set on fulfilling the Maastricht criteria for European monetary union (inflation, public debt, and budget deficit), Persson had set out on a rigorous economic reform, battling social democratic traditionalists and labor unions on the way. Toward the end of the year, Persson was getting good performance reviews in Brussels. (The EU seal of approval may not win Persson much popularity with the current euroskeptical mood in Sweden, but it may help his relations with fellow heads of government at the next European Council summit in Florence.)

Carlsson's choice was initially Mona Sahlin, the young and unconventional deputy prime minister who, for years, had been groomed by Carlsson to succeed him. But with her fall from grace after a scandal involving, among other things, the misuse of a government credit card, it was natural that the eyes should fall on Persson.

Persson's path to power has not been without controversy, and his decisive style (some would say authoritarian) has made him plenty of enemies. Already during his days as party boss in his hometown of Katrineholm, he made himself known as a man of strong views and methods. He soon became the subject of national controversy on his first cabinet post as education minister in the late 1980s when he shut down the entire national school board to push through a much-derided reform program. Though respected by most, he is far from loved

by all. The market likes him (though it took some time for Persson to build up that mutual trust) while some of his party fellows are suspicious that his reforms threaten the welfare state, which has been the guiding light of social democratic ideology for the last half-century. Persson himself denies that he is out to dismantle it, but rather argues that he wants to strengthen it by getting its finances in order. As prime minister, he will surely maintain a firm grip over economic policy, a tough job that is far from over.

—Jonas Weiss

L I S B O N

PRESIDENT SAMPAIO

Portugal's next president is often described as "too nice for politics"—but this assessment ignores Jorge Sampaio's many years at the center of political cut and thrust as Socialist Party leader and, more recently, as Lisbon mayor.

The affable 56 year old lawyer, who spent part of his childhood in Baltimore and speaks fluent English, is an

expert negotiator who manages to accommodate a variety of political ideas while sticking to his own firmly held convictions.

"In all certainty Jorge Sampaio is one of those men who has conducted all political life with the greatest nobility of spirit, independence, and honesty in the 20 years of Portuguese democracy (since the 1974 revolution)" wrote the daily *Publico* newspaper in an editorial.

"We have never seen him jettison a conviction or principle dear to him," the paper said.

In a recent interview Sampaio said he

NEWSMAKERS

Only a year after he took office, **Dimitris Avramopoulos**, 43, the mayor of Athens, is showing just how clean a new broom can sweep. Europe's most historic city, which is also known as one of its most cluttered and polluted, is being given a complete makeover.

Some of the anti-pollution and anti-congestion measures that Avramopoulos has introduced include a "Keep Athens Clean" campaign which imposes heavy fines against litterbugs, a ban on traffic and street hawkers in the city's center, more trees and plants to make the Greek capital greener, new street-cleaning machinery, and underground car parks.

The mayor's vigorous drive to transform Athens' image has started to show definite results. "Athens is beginning to breathe again," he said. "In some areas pollution levels have come down by as much as 25 percent."

Not content with merely cleaning up the city and making it a more pleasant place in which to live, Avramopoulos is also working on making it a more alluring destination for foreign visitors. He is ensuring that work continues on the plan to create one of the world's largest archaeological parks; he has seen to it that Athens acquire its own tourism board, its own orchestra and choir, and a brand new flag.

Before being elected against all the odds, Avramopoulos was once described by former Greek foreign minister **Theodore Pangalos** (whom he defeated for the job of mayor) as a "simple, mediocre employee in the foreign ministry." Now he is one of Greece's most popular politicians and many people believe that after running the Greek capital he could move on to leading the entire country.

•••

Who says that history always repeats itself? German Chancellor **Helmut Kohl** must not think so, because he has named the son of the most brilliant German general of World War II to help keep the peace between France and Germany. He has appointed **Manfred Rommel**, whose father, Erwin, was the legendary Desert Fox, to be Germany's coordinator for Franco-German cooperation. It is an honorary post in which Rommel will oversee cultural relations between the two countries.

His French counterpart, personally chosen by President **Jacques Chirac**, is another man whose past makes him an unlikely diplomat.

André Bord, 73, a twice-decorated World War II veteran, fought fiercely in the "Alsace-Lorraine" Free French Resistance Brigade. He is a staunch Gaullist, as befits an old friend of the French president.

Rommel and Bord will meet regularly at biannual Franco-German summit meetings, where both will work on improving the friendly relationship between their two countries, which 50 years ago would have seemed an impossible dream.

•••

Marit Paulsen, a Swedish writer, farmer, and mother of 10, has been elected as the European Union's Woman of Europe 1996. The award was created eight years ago to honor a woman from

an EU member state who has distinguished herself by helping to promote European legislation. Paulsen is recognized as the driving force behind the campaign to convince Sweden to join the



André Bord and Manfred Rommel, ambassadors of goodwill

EU. Swedish European Union Commissioner **Anita Gradin** credits her for almost singlehandedly bringing about a yes vote in spite of much indifference and even hostility among Swedes.

Paulsen has been a tireless campaigner on a variety of issues ever since her early youth. In her twenties she worked in an iron ore factory and became an active unionist. Then she moved into farming with her husband and lobbied against cruelty to animals and the destruction of the countryside.

When her husband's poor health forced them to give up farming in 1991, they bought a trailer and traveled around the European countryside with their family. The trip inspired Paulsen, after she

was deeply concerned about unemployment and the condition of Portuguese agriculture. In the largely ceremonial role of president he will have little direct say in how the country's new minority Socialist government tackles these issues. He would only wield significant power if the country became politically unstable.

Sampaio, who began his political career in radical left pressure groups but later moved to the center-left Socialist Party (PS), saw his candidacy boosted by a wave of pro-Socialist feeling which ousted the former center-right Social

Democratic government in general elections last October.

But despite his popularity as a man of the people, Sampaio's critics say he is indecisive and lacks the experience in government of his main challenger for the presidency, Anibal Cavaco Silva who was prime minister for most of the 10 years of Social Democrat (PSD) rule until October.

Cavaco, a respected economics professor, was seen by many voters as more statesman-like than Sampaio. He is credited with modernizing Portugal's economy and with bringing the country into

the European Union in 1986. But many regarded the former prime minister as lacking the common touch and thought his style autocratic.

Sampaio became PS leader in 1989 and quickly succeeded in healing internal divisions and winning local government elections. However, his party was defeated in general elections two years later by Cavaco's PSD, and Sampaio stepped down to concentrate on running the Lisbon city council.

His term as mayor, which ended in November when he resigned to run the presidential campaign, drew mixed re-

turned home, to set up an organization called Network for Europe, to calm some of the fears the Swedes had about joining the EU.

She now lives on a farm far out in the country and is carrying on fighting for the principle of European integration.

•••

A daring, some would say foolhardy, French businessman is bringing a new computer onto the market that functions neither with the Windows operating system, used by 100 million PCs, nor with Macintosh, which is the standard operating software for 17 million others.

Jean-Louis Gassée, who was the number two man at Apple Computer before he was asked to leave five years ago, has come up with the BeBox, a product which he says is "not made to be consumed by ordinary human beings. We're for the slightly lunatic fringe, the people who know how to program." The BeBox is a kind of blank slate on which the users themselves can write the programs best suited to their particular needs.

At \$3,000 it is a bargain for dedicated hackers, and at their annual get-together in Phoenix, the computer industry hailed it as the design which will usher in a whole new generation of operating system. But Gassée will have to be very nimble—and lucky—to find a niche for his BeBox between the two giants Windows and Macintosh.

•••

The French are big believers in human rights, no matter what their size. Diminutive **Manuel Wackenheim**, 28, who measures 3 feet 9 inches, is in a towering rage that France has banned the strange sport of dwarf-throwing with which he used to earn his living.

He wants the European Court of

Human Rights to take action against the French State Council, the country's highest administrative court, which ruled that dwarf-throwing was degrading to human dignity. Wackenheim claims that it is his right to be hurled around by brawny men. His lawyer **Serge Pautot** said that his client, who weighs 97 pounds, had never been injured and that "banning him from his work is a restriction of liberty."

•••

Thirteen years after his Skytrain was grounded, the irrepressible **Sir Freddie Laker**, 73, pioneer of cheap transatlantic flights, is proving that you cannot keep a good man down. Having spent some time with his feet comfortably planted on the ground as a hotel consultant, the former Royal Air Force pilot is taking wing again.

This spring, with the help of American oil tycoon **Oscar Wyatt**, he is re-launching Laker Airways, with regular charters planned from London, Glasgow, and Manchester to two destinations in Florida. The difference between these flights and the bargain, no advance booking, "bring your own lunch" trips Laker used to offer is that this time he is promising top-class service with all the trimmings.

•••

After having broken the world solo cycle record on an indoor track last August, with a speed of 207.9 mph, British cyclist and cycle designer **Bruce Bursford**, 37, is now going for the cycle land speed record at Lake Eyre in Australia. He will be riding the same bicycle, the Lola Ultimate Bike which he designed, but this time, instead of using a "rolling road" (static rollers), he will be hurtling at potentially fatal speed over the salt flats.

Like other great men before him, Bursford first had the idea for the Ultimate Bike while soaking in the bath. He decided to combine cycle technology with jet-fighter design, material, and techniques. The graceful shape of the handlebars came to him in another mo-



Freddie Laker takes off, again.

ment of inspiration one day when a black-headed gull flew at him head-on. Although it is smooth black carbon fiber, the bike appears to be made of a loose-weave cloth. It is so light—under 11 pounds—that a puff of wind could blow it over.

Bursford is training hard both physically and mentally for his attempt to become the fastest man on two wheels. Every morning he is out on the road before 7 a.m. for a 50-mile ride, which he follows after lunch with two hours in the gym and another 50 or 100 miles on a bike or tandem with his trainer.

For mental gymnastics he has called on the services of **Uri Geller**, who he says is teaching him to "focus my mind to produce the maximum effort when and where it's needed."

—*Ester Laushway*

views. Not all the council's decisions proved successful, but the spirit of dialogue and consensus Sampaio promoted won him popularity.

Sampaio will need this popularity as he steps into the shoes of outgoing President Mario Soares—Portugal's most popular political figure. The avuncular Soares is the elder statesman of Portuguese socialism and is known affectionately by his nickname "chubby-cheeks." His two five-year terms in office, during which he was a constant thorn in Cavaco's side, end in March and may prove a hard act to follow.

—Samantha McArthur

BRUSSELS

SIXTY YEAR MYSTERY

A 60 year old mystery concerning the theft from Ghent Cathedral of a priceless panel from the Van Eyck masterpiece *The Adoration of the Mystic Lamb* may be about to be solved. It is even possible that the panel itself may be retrieved.

This is the hope of Karel Mortier, superintendent of the Ghent police force, who has been brooding about the case ever since he wrote a paper about the lost panel as a student in 1957. Since then he has published no fewer than three books on the subject and was the moving spirit behind an exhibition entitled "The Missing Panel of the Mystic Lamb," which has just been held in Ghent.

The object of the exhibition was to help raise money (\$35,000 is needed) to pay for a systematic search of the cathedral, using endoscopes and radiographic material. Mortier has concluded that it was the most plausible hiding place for the panel and that it could still be found somewhere in its cavernous recesses, perhaps in the tower, though whether it is still in a reasonable condition must be open to serious doubt.

The picture, one of the world's greatest and largest paintings, was the work of Jean van Eyck, and his supposed brother Hubert, and the 12 wooden panels were completed in 1432. It was painted for the cathedral, where it has remained ever since, except for brief periods when it, or portions of it, have been removed, including by both Napoleon and Hitler.

Then on the night of April 11, 1934

two panels were removed. One, of John the Baptist, was later recovered from a railway luggage office. The other, showing a group of "righteous judges" on horseback has never been seen since.

In the 1950s a local artist was commissioned to paint a replacement panel, and produced a workmanlike copy, though one of the judges now bore a remarkable resemblance to Leopold III, the Belgian King at the time of the theft.

That the picture was recovered was due to a remarkable series of blunders by the Belgian police. They organized a sting operation, handing over a mere 27,000 francs through an intermediary, when 1 million francs had been agreed.

The theft was almost certainly the work of a music teacher and local Catholic politician turned banker, Arsène Goedertier, who inconveniently died from a heart attack in November 1934 before he could reveal where the missing panel was hidden. As all of his accomplices, if he had any, must now be long dead, the projected search of the Cathedral is probably the last chance of finding the picture. If it does not show up now it is probably lost forever.

—Dick Leonard

HELSINKI

FINNS JOIN IFOR

"Our government is determined to participate in the Bosnian operation. We accept that it is a NATO-led operation and that the Finnish contingent will be deployed in the Tuzla area as part of a Nordic brigade, which again will be part of a larger force consisting of the US 1st Armored Division and a Russian brigade," said Finland's Prime Minister Paavo Lipponen in a recent speech commenting on his country's participation in the peacekeeping efforts in the former Yugoslavia.

Finland will be sending 450 soldiers to participate in the Implementation Force (IFOR) in Bosnia. The Finnish contribution will consist of a construction unit of 402 officers and men, and 48 officers and men for various staff and logistics duties. The prime minister alluded to the fact that Finland's contribution to IFOR of 450 troops is comparable to the US's 20,000 IFOR soldiers when one considers Finland is a country of only 5 million people.

The Finnish construction unit will be

part of the Nordic Brigade, which is comprised of Danish, Norwegian, Polish, Swedish, and Finnish troops. The Finnish unit will use Finnish-made Pasi armored personnel carriers, which have seen service in previous peacekeeping operations.

The prime minister relates that Finland has a long and proud tradition of sending troops abroad for international peacekeeping efforts. The prime minister says, "The debate in Finland on sending peacekeepers to Bosnia is a *déjà vu*, a replay of earlier debates on participation in UN peacekeeping operations. In 1956 it was Suez and in 1964 Cyprus. In both cases the Finnish press was very critical, but today all Finns are proud that our country has grown into a 'great power' in peacekeeping."

Prime Minister Lipponen, discussing his nation's decision to send troops to Bosnia, goes on to state, "If the situation in the Balkans were to deteriorate and get out of hand, it could lead to a new war and rearmament, not only in the Balkan region, but in Europe as a whole and stir up the nationalism that is already rising in many parts of Europe. If we flinch at the magnitude and difficulty of the task, we will seriously undermine the whole post cold war effort of creating a new order of peace in Europe, based on democracy, market economy, and the rule of law. It is on these principles that a lasting peace can and must be based, but it entails some sacrifice from us to ensure that there is a security framework for such a development."

—Robert J. Guttman

COPENHAGEN

EXIT OPTION CLOSES

Almost two-thirds of the Danes oppose a single EU currency, according to the latest poll from the European Commission. And Danish polls show a hardening of support for maintaining the Danish opt-outs, including the single currency and defense. But, surprisingly, there is despondency among those who until now would have rejoiced at any signs that Denmark might leave the European Union.

In fact the grand old man of Danish opposition to EU membership since 1992, Jens-Peter Bonde, member of the European Parliament and one of the leaders of the June Movement, has

openly declared that after the 1995 enlargement of the EU with Sweden, Finland, and Austria, and the East European membership applications, a Danish exit from the EU is no longer a feasible option.

The June Movement, named after the June 2, 1992 Danish rejection of the Maastricht Treaty, may follow its leader in his reversal of doctrine, but the other main EU opposition group, the People's Movement Against the EU, is certainly not. It accuses Jens-Peter Bonde of betraying the cause, and the People's Movement, which was the first platform of Jens-Peter Bonde, believes that it is likely that the Danes will reject any change of the Maastricht Treaty, if it is presented to them in a referendum after the EU intergovernmental conference, slated to end in 1997.

They may be right. The Danish government has indicated that it is not certain that the intergovernmental conference will initiate changes in the Maastricht Treaty that need to be put to a popular vote. But the key Danish policy input to the conference, strong support for enlargement with Eastern Europe and a reorientation of EU priorities toward job creation and the environment, will also be the main themes of Danish pro-Europeans, if the referendum is held. The People's Movement, and other naysayers, will use Norway and Switzerland as proof that there is not only a life outside the European Union, but a good life.

At present a majority, but not an absolute majority, of the Danes support EU enlargement, if the polls are to be believed. If the Baltic countries are seen to have a serious chance of joining the EU, this would provoke a strong positive emotional response from the voters. But the issue will be much more complex, and the outcome uncertain, if at the same time the Danes have to vote on dropping the reservation on Economic and Monetary Union (EMU) to allow the strong Danish kroner to join the third phase of the union in 1999.

Business support for EMU continues to be very strong, but the gap between that support and popular opinion has not diminished, despite the recovery in the Danish economy over the past two years. And despite the fact that Denmark, unlike other EU countries, will not have to tighten fiscal policy substantially to achieve the EMU economic convergence criteria if the present pause in

growth in Europe continues beyond the fall of this year.

The ranks of the opposition to Danish membership of the EU have been broken. But the ranks of the supporters of membership have not united on the EMU referendum issue. The government's official view is that though Denmark is successfully implementing an EMU convergence program that will make the country eligible for participa-

tion on schedule in the Euro, the single currency, it is too early to state if and when a referendum will be held. The pro-European opposition parties want a firm commitment to a referendum, and an early date. Pending a resolution of this controversy, very little is happening that would make it more likely that the Danes will vote yes at a third EU referendum in the 1990s.

—Leif Beck Fallesen

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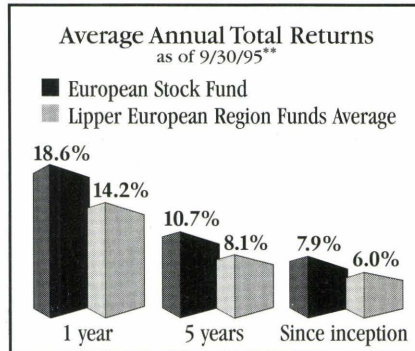
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ARTS & LEISURE

BOOKS

The Pillars Of Hercules: A Grand Tour Of The Mediterranean

By Paul Theroux
Putnam; 509 pages; \$28

Paul Theroux has written an excellent travel book on the Mediterranean region from Gibraltar to the south of France to Croatia to Turkey and back again to Morocco. Be advised: Don't read a Theroux travel book to find out what hotels to stay in or to find out what museums to visit.

Theroux gives his readers a true flavor and authentic feel of a country. He introduces the lucky reader to eccentric people, weird people, fun people, and most of all knowledgeable people who talk about the region they are visiting or that they live in.

I have read all of Theroux's previous travel books and several of his novels and find him to be one of the best travel writers writing today anywhere in the world. I particularly enjoy his practice of quoting other authors who have also traveled to the areas he is now visiting. Where else would you read a statement such as, "I took a bus to Monte Pelle-

grino, on the recommendation of Goethe, who had written about it." He discusses other authors from the past as if they are current friends. From Paul Bowles to Edith Wharton, he quotes liberally from their writings about their travels to the Mediterranean region.

In addition to quoting literary legends who have gone on to their book heaven, he meets with current writers whenever he can. For example, in Corsica he stops in to visit Dorothy Carrington, author of a book about the island titled *Granite Island*. Reading about her reasons for moving to Corsica one learns about the history of the rugged island.

Theroux doesn't mind criticizing countries. For example he truly disliked Greece and has little good to say about the entire country. "The whole of Greece seemed to me a cut-price theme park of broken marble." He thinks "Albania seems deranged" and "Alexandria was a broken old hag that had once been a

great beauty."

The author raves about Italy and the friendliness of the Italian people. I agree with his statement that "Venice is magic, the loveliest city in the world." Ther-

oux is at heart a true romantic. He exclaims about older couples across Europe holding hands at night and says this is a truly uplifting and exciting sight.

Besides being a romantic, Theroux is an optimist who feels positive about the places he visits, even war torn Croatia where he says people are hardened by the war, but as they do everywhere, they still survive and try to lead as normal a life as possible.

What is Theroux's philosophy of traveling? In the book he states, "No one has ever described the place where I have just arrived; this is the emotion that makes me want to travel. It is one of the greatest reasons to go anywhere."

If you are looking for a well written, exciting and hard to put down book on the volatile but beautiful Mediterranean region, there is no better book available than *The Pillars of Hercules*.

—Robert J. Guttman

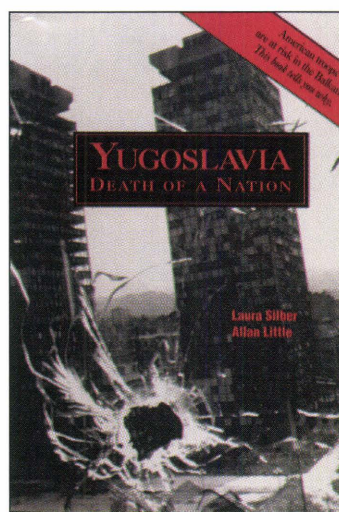
BOOKS ON BOSNIA

Yugoslavia: Death of a Nation and *Balkan Odyssey*, both published this month, are reviewed by Robert J. Guttman.

Yugoslavia: Death of a Nation

By Laura Silber and Allan Little; TV Books/Penguin; 372 pages; \$30

Yugoslavia: *Death of a Nation* will stand the test of time as one of the best books written on this ghastly war. The authors, Laura Silber of the *Financial Times* and Allan Little with the BBC, appear to know the major participants as evidenced by the numerous interviews throughout



the book. From, insightful profiles of Serbian President Slobodan Milosevic, whom the authors pinpoint as the leading figure in starting this terrible yet planned tragedy, to Croatian President Franjo Tudjman, the book gives readers firsthand information about the important players in the former Yugoslavia. The interviews throughout the book, besides presenting events from the key participants, show that the authors ran the gamut in compiling all the necessary and pertinent information to write this excellent book. It will be required reading in classrooms in Europe and the United States in order for students to understand why the introduction of American and European troops were needed to keep the peace in this re-

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Publications Catalog: April-June 1995. *Office for Official Publications, Luxembourg, 1995, 65 pages.* **Free**

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The Community Legal Order Third, Completely Revised Edition. *Commission, Brussels, 1995, 247 pages.* This book explains the Community's constitution and legal system in a single concise volume. It looks at the Maastricht Treaty, derived law, international law, direct effect, the transfer of sovereignty, the administration of Community law, and more. \$20

Digest of Case-Law Relating to European Communities: D Series, Issue Five. *Commission, Brussels, 1995.* This book explains the Community's constitution and legal system in a single concise volume. It looks at the Maastricht Treaty, derived law, international law, direct effect, the transfer of sovereignty, the administration of Community law, and more. \$20

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gion of Europe.

The authors are not very positive about European leadership in solving this Balkan crisis. "Preoccupied with the Gulf War and the future of the disintegrating Soviet Union, the US left the handling of the conflict's early stages to the European Community, which proved lamentably incompetent."

Silber and Little contend that European diplomacy did not bring about the end of the conflict and point out that "Former Yugoslavia is the clearest illustration to date of a central strategic reality of the post cold war world: If the United States does not take a lead, then no one does."

In addition to highly recommending this book I would suggest that anyone interested in learning more about the war in former Yugoslavia watch the television series that was produced in conjunction with the book. Also titled *Yugoslavia: Death of a Nation*, it recently aired on the Discovery Channel and will certainly be rebroadcast in the near future.

Balkan Odyssey

By David Owen; Harcourt Brace & Co.; 367 pages; \$25

Lord Owen, a former British foreign secretary and founder of the Social Democratic Party, was appointed the co-chair of the International Conference on the Former Yugoslavia by the European Community in 1992. He served in that capacity for three years while the war continued unabated throughout Bosnia.

In *Balkan Odyssey*, Lord Owen presents his case that the Vance-Owen Peace Plan (VOPP), the plan he and former secretary of state Cyrus Vance tried to negotiate among the warring parties, was workable. While he is quite critical of the Clinton

administration's policies toward the conflict, it should be pointed out that during his stint as the EC negotiator there was no lasting peace in the area and now that the US has gotten involved there is a viable peace accord. The reader is left to make up his or her own mind on Owen's role after reading the book, which is mainly useful as a firsthand look at how diplomacy works—or doesn't work—in the post-cold war era.

Lord Owen, besides pointing out the value of his role as a negotiator, talks about the problems between the United States and the EU in trying to resolve the war in the former Yugoslavia.

Owen's last sentence in the book is significant as the European Union begins to debate its future next month. "The central question for the European Union is whether, after its experience in the former Yugoslavia, it will determine to build and sustain in defense and international affairs the intergovernmental power structures to support a common foreign and security policy for its member states."

Also on Bosnia, EUROPE Recommends...

Sarajevo: A War Journal

By Zlatko Dizdarevic; Fromm International, 193 pages; \$20

Mr. Dizdarevic, the publisher of the newspaper *Oslobodenje* based in Sarajevo, has written a truly sad and heart-wrenching book. It is one of the saddest books I have ever read, describing the deaths of innocent children and elderly people for no apparent reason. Describing the dreaded snipers in the hills above Sarajevo he writes, "The point is to aim at the head, shoot to kill, and pull the trigger two or three times while the victim is

caught in the telescopic sights. Yesterday the snipers scored several bull's eyes: four dead, ten wounded."

The book, winner of the international prize from Reporters Without Borders, is compelling as the author describes his rage at the so-called "civilized" world for letting this tragedy happen to Sarajevo. His descriptions of the death and destruction which have become part of the daily life of the average citizen of Sarajevo before the recent peace was implemented are chilling to read.

Sarajevo: A War Journal masterfully describes the deterioration of everyday life in a city once noted for its civility. It is hard to read a book so full of misery and despair. On the other hand it is a book to be recommended because it is a story of courage and the author's belief that Sarajevo will survive the madness.

—Robert J. Guttman

Balkan Ghosts: A Journey Through History

By Robert D. Kaplan; Vintage Departures; 307 pages; \$12

The Fall of Yugoslavia: The Third Balkan War

By Misha Glenny; Penguin; 258 pages; \$11

Robert D. Kaplan's *Balkan Ghosts: A Journey Through History* and Misha Glenny's *The Fall of Yugoslavia: The Third Balkan War* (both available in paperback) provide good backgrounds of the conflicts in the Balkans.

Glenny's book, first published in 1992 and updated in 1993, consists of first person accounts of the author's travels throughout the region as a journalist for the British newspaper the *Guardian* and later for the BBC. Glenny splices geography, history, politics, and encounters with a wide variety of people from different ethnic groups into the chapters that detail the days

leading to the first fighting and then all out war. Especially interesting are Glenny's analyses of seminal political events, such as Slobodan Milosevic and the Socialist Party's consolidation of power in Belgrade, Franjo Tudjman's leadership in Zagreb as Croatia faced war with Serbia, and Bosnia's doomed position, stuck between the two warring sides with its ethnically mixed population.

But Glenny's firsthand encounters of coming under fire and talking to people affected by the fighting give the book an immediacy and urgency that will long distinguish *The Fall of Yugoslavia* as an important historical account.

Where Glenny focuses specifically on the former Yugoslavia and writes in political reportorial style, Kaplan includes the greater Balkan region and writes like a travel correspondent giving a broad portrait of the peoples of the region and their history.

Balkan Ghosts, first published in 1993, is divided into four parts: Yugoslavia, Romania, Bulgaria, and Greece, and explores this long-contested region awash in ethnic squabbles and armed conflicts. Kaplan appears determined to break through the familiar bureaucratic facades and delve into the thoughts, fears, and aspirations of the peoples. His conversations along the way prove memorable, especially those with an Albanian Muslim on the evils of the Serbs; a Romanian prostitute; a Bulgarian palm reader; and the American director of *Never on Sunday*, a film that helped build Greece's image as a tourist destination.

Kaplan, who worked as a journalist in the region for the *Atlantic* and the *New Republic*, appears to have thoroughly researched his subject and quotes liberally from journalists and travel writers who have preceded him.

—Peter Gwin

*There is
music in the air...*

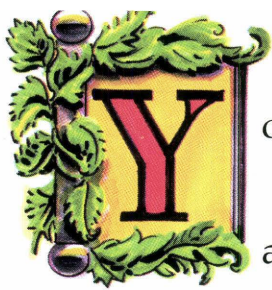
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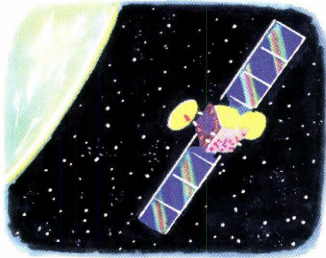
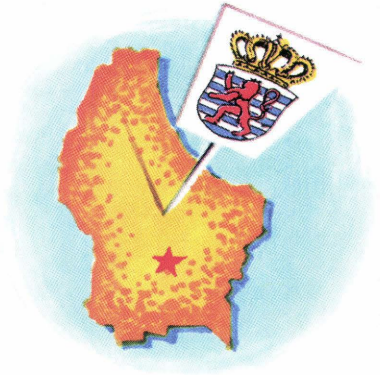
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