

Germany's New Foreign Policy • Central Europe • Mad Cow Scare

EUROPE

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May 1996

A PASSIONATE EUROPEAN

**Helmut Kohl Seeks
a United Europe**

**Italy Elects Olive
Tree Coalition**





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MAGAZINE OF THE EUROPEAN UNION



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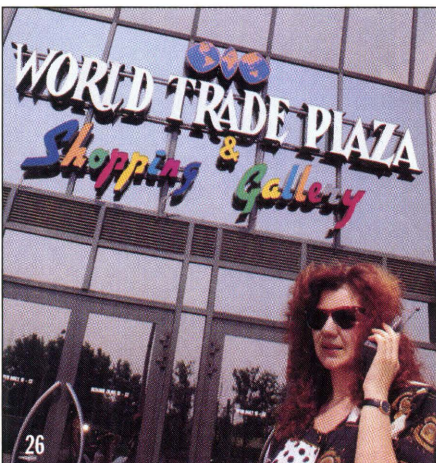
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Letter from the Editor

German Chancellor Helmut Kohl, in power for almost 15 years, "is a passionate European." Kohl's "ambition is to anchor a united, democratic Germany in a united Europe," according to Lionel Barber, our contributing editor based in Brussels. In a lengthy and informative article on one of Europe's key players, Barber points out that Kohl "wants to make the process of European integration irreversible."

Elizabeth Pond, co-author of the recently published book *The German Question and Other German Questions*, writes that Germany has two top priorities in their foreign policy: "keeping the US engaged in Europe and pressing for greater European integration."

Pointing out that Germany is experiencing its worst unemployment since World War II, with a current jobless rate of 11.1 percent, our Berlin contributing editor Wanda Menke-Glückert, looks at the key problems facing Europe's economic powerhouse today.

A bright spot in an otherwise dreary and stagnant German economy is the fact that "some 500 small to medium-sized companies, not the giants like Siemens, Daimler Benz, or Volkswagen, are more often than not the real winners on the world markets." *EUROPE* profiles these "hidden champions" with a huge global presence.

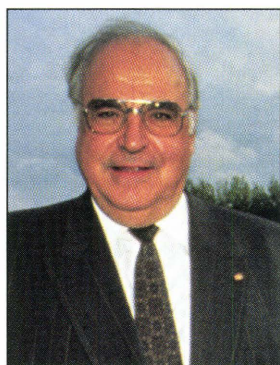
Bruce Barnard chronicles the privatization of Deutsche Telekom and looks at its global alliance with Sprint and France Telecom.

Writing from Prague, contributing editor Barry Wood comments on the EU's position regarding enlargement with the Central and Eastern European countries eager to join the European Union by the end of the century. Wood looks into the economic and political conditions of Romania and Albania and sees rapid progress but finds both countries still have a long way to go to catch up economically with countries like Poland and the Czech Republic.

Kenneth C. Danforth, now traveling in Slovenia and Croatia, writes in an excellent profile of Slovenia that the country "is being praised in most Western capitals as the model for any ex-communist state aspiring to membership in NATO and the European Union."

David Lennon, writing from London, brings our readers up to date on the latest developments on the "mad cow" scare sweeping the United Kingdom.

In our travel section, *EUROPE* takes our readers on a tour of Mad Ludwig's castles located around the Munich area. The former King of Bavaria's numerous castles and lodges offer a wonderful vacation destination. We also present a profile of the city of Leipzig.



Helmut Kohl:
Germany's
chancellor is
a passionate
European.

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The Magazine Group, Inc./Glenn Pierce

EUROPE, Magazine of the European Union (ISSN 0191-4545), is published by the Delegation of the European Commission, 2300 M Street, NW, Washington, DC 20037. © The European Commission, 1996. The magazine encourages reproduction of its contents, but any such reproduction without permission is prohibited. *EUROPE*, published 10 times per year, is available by subscription for \$19.95 per year; \$34.95 for 2 years; \$46.95 for three years. Add \$10.00 to non-U.S. subscriptions for postage and handling. Student rate (with proof of enrollment): \$14.95 per year; \$25.95 for 2 years; \$35.95 for 3 years. Bulk rate also available. **Editorial, permissions, advertising, and circulation offices:** 2300 M Street, NW, Washington, DC 20037; Telephone (202) 862-9555. Available in microform from UMI, 300 N. Zeeb Rd., Ann Arbor, MI 48106; (313) 761-4700

Subscriber services: 1-800-627-7961.

(In Canada call 303-678-0439.)

Second class postage paid at Washington, DC and additional entry.

Postmaster: Please send change of address forms to *EUROPE*, P.O. Box 55935, Boulder, CO 80322-5935.

PRINTED IN THE U.S.A.

The magazine is a forum for discussion, and therefore its contents do not necessarily reflect the views of European Union institutions or of the member states.

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

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EYE ON THE EU

Profiling
Personalities and
Developments
Within the
European Union

“I came to my post in 1993 as an enthusiastic supporter of the European Community, and I leave an even more enthusiastic supporter of the European Union in 1996 because the EU serves the interests of the peoples of Europe, of the United States, for which the EU is an important partner, and indeed of freedom-loving people throughout the world.”

These warm words were spoken, in a farewell address, by Ambassador Stuart Eizenstat who left Brussels in April to become Under Secretary for Commerce in the Clinton administration. His two-and-a-half-year stint as US ambassador to the EU has perhaps been the most fruitful during the nearly 40 years that the US has had diplomatic relations with the European Economic Community and its successors.

Eizenstat, aged 53, is a graduate of Harvard and the University of North Carolina. Formerly a partner in a top Washington law firm, he has served every Democratic president since Lyndon Johnson and was research director of Hubert Humphrey's unsuccessful campaign in 1968. His tenure in Brussels was marked by at least five significant steps that have brought the world's two leading economic and trading powers

closer together. None of them was directly due to the efforts of the US mission to the EU, but in all of them it played an important part.

First was the completion of the seven-year Uruguay



Stuart Eizenstat leaves Brussels as ambassador to the EU to become under secretary at the Commerce Department in Washington.

Round of the GATT world trade talks, made possible only by the close cooperation of former Trade Representative Mickey Kantor and Commission Vice-President Sir Leon Brittan. Eizenstat played an unsung but crucial role as a go-between during the later stages of their cooperation.

Second was the renewal of the Euratom agreement, originally one of the first accords that the US entered into after

the Treaty of Rome and one that has set nuclear trade between the two partners on a firm course, consistent with the legal obligations of the US under the Non-Proliferation Treaty and European plans for the beneficial use of nuclear power. Eizenstat also conducted tricky negotiations to compensate US interests for the loss of trade opportunities through the entry of Finland, Sweden, and Austria into the EU. These will provide a useful precedent for compensation for the future enlargement of the Union to include Central Europe and the Baltic States.

The fourth achievement was the setting up of the Transatlantic Business Dialogue, originally proposed by the late Commerce Secretary Ron Brown. The dialogue affords the business sectors on both sides of the Atlantic the opportunity to meet and make joint recommendations to European and US governments for action.

But, in Eizenstat's own words, the "crown jewel" of his period as ambassador was the New Transatlantic Agenda, signed by President Clinton and European Commission President Santer and former Spanish Prime Minister Felipe González in Madrid last December, and the accompanying US-EU action plan.

It was this agenda, said Eizenstat, that represented "a

quantum leap forward in our relationship." It will, of course, be some time before progress can be measured on each of the 120 items in the action plan, but Eizenstat cited five ways in which the NTA will mark a further watershed in EU-US relations. It will, he said:

- raise the visibility of the EU for US policy makers.
- give concrete expression to the Clinton administration's view that economics and diplomacy will play an increasingly important role in defining national security.
- change the relationship from a largely consultative one, punctuated by periodic disputes, into a collaborative relationship.
- give clear evidence that neither the US nor the EU is going to retreat into protectionism in the post-Uruguay Round period.
- signify that the US intends to remain as fully engaged in European affairs in the post-cold war era as it has been in the past 50 years.

Eizenstat will no longer be on hand in Brussels to help in the fine-tuning of the relationship, though his work in the Commerce Department will impinge directly on the EU at many points. No successor has yet been nominated, and career diplomat Tony Wayne, deputy chief of mission, may well have to carry on as *chargé* until after November, when a new or reelected president will seek a replacement. Whomever is chosen will face a daunting assignment in stepping into Eizenstat's shoes.

—Dick Leonard

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The European Union as a Publisher 1995/96. *Office for Official Publications, Luxembourg, 1995, 167 pages. Free*

Applying Information Technology: 101 Success Stories from Esprit. *Commission, Brussels, 1995, 130 pages. Esprit is the European Union's information technology research and development program. This book presents the results of how information technology has been applied in the following areas: transport, culture, and entertainment; information technologies industries; medical and biotechnology industries; manufacturing and engineering; energy and the environment; and service industries. \$18.*

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Directory of Community Legislation in Force: 25th Report, 1 June, 1995. *Commission, Brussels, 1995, 2 Volume Set. Gives reference for all binding Community legislation, including other instruments reflecting the activities of the three Communities (ECSC, EEC, and Euratom). It covers agreements and conventions, binding secondary legislation under treaties established, supplementary legislation, and certain non-binding acts. \$150*

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VIRTUAL ARTISTRY

Some of Europe's artistic masterpieces have been lifted from a growing number of museums and turned up in private homes worldwide. And the canvases haven't moved an inch. The culprit is the CD-ROM, and with it you can bring Cézanne and Michelangelo into your home for about \$50.

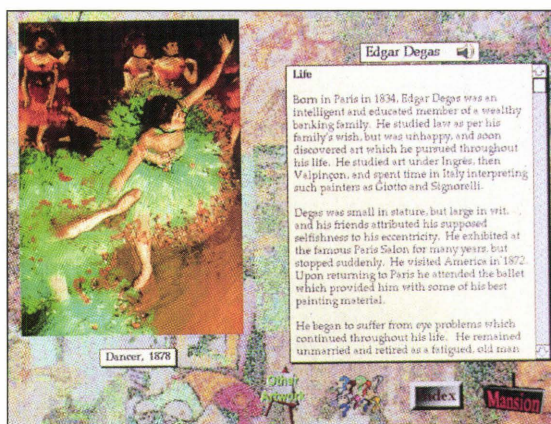
Sacred institutions, such as the Louvre, the Uffizi, and London's National Gallery, are marketing their wares alongside computer games and are finding a steady demand for computerized aesthetics courses.

Although hardly a substitute for a trip to Paris or London, the software is impressive in its visual presentation and its ability to educate.

Le Louvre: The Palace & its Paintings, distributed by BMG Interactive, takes one of the world's most renowned museums, and showcases both its art and its architecture. The CD-ROM, available for both Macintosh and PC, begins with a choice of seeing the palace or the collection. The palace details the key architectural sights, such as the pyramid designed by I.M. Pei. Background information on Pei along with drawings of his design and photographs can be seen from various vantage points. The collection offers viewers a chance to follow the work of several artistic periods or

schools. One can travel from room to room or seek out individual titles. Leonardo da Vinci's *Mona Lisa* provides added drama as a narrator explores the idea of composition by removing parts of the painting and zooming in on others.

Le Louvre disappoints in that it is not as well organized



Software publishers are rapidly bringing to market more art CD-ROMs, such as Philips Media Software's *Edgar Degas*.

as other gallery tools. Viewers easily could find themselves virtually lost, perhaps an unintentional likeness to twists and turns in the real museum. The CD-ROM, however, can hardly be a waste of time for a young art student or a long-ago visitor of Paris.

Art Gallery by Microsoft is somewhat more navigable, from its easy-to-follow instruction booklet to its basic setup. The program contains the permanent collection of London's National Gallery of Art. About 2,000 works by artists as varied as Monet, Vermeer, and Turner can be found by artist, time period, genre, or general reference categories. Each page provides links to further study, and several include animation to demonstrate technique or

the evolution of a particular painting. The viewer can jump back to the last page or jump ahead in a series of one artist's works. And an overview of the most impressive holdings is available in a narrated tour.

The Uffizi, by Opera Multimedia, shares Italy's wealth of Renaissance art with admirers worldwide.

One can sample it on the World Wide Web at <http://www/4.iol.it/operamm/uffizi/uffizi.htm>. The site describes the features of the full-fledged product but also has a few "rooms" of the virtual gallery open for browsing. Botticelli's *Venus and Raffaello's Saint John the Baptist in the Desert* are two of the paintings available for viewing.

For a look at a European collection in the United States try *A Passion for Art: Renoir, Cézanne, Matisse, and Dr. Barnes* by Corbis Publishing and the Barnes Collection. The CD-ROM, available for both PC and Macintosh from Corbis Publishing, draws the viewer into the life of Pennsylvania art collector Dr. Albert Barnes and his love for impressionist and postimpressionist art.

The viewer can't help looking into the depths of the collection after the introductory montage of 1920s images and an optional 15-minute narrated gallery tour. The viewer can also explore rooms or paintings at random, search for works of an artist by name or create a slide show of favorite paintings.

Those who would prefer to focus on a favorite artist are likely to find several CD-ROM offerings by year's end. *Vincent van Gogh Revisited: Harvest of the Sun* by Philips Media is one of the few already on the market. It takes a look into the life and work of the Dutch painter. In addition to viewing some 200 works by the artist, one can follow his journey to the south of France, read excerpts of his letters and hear the music of composers of his era, such as Debussy and Faure. Another one-man show, *Paul Cézanne: Portrait of My World* by Corbis is due out this summer.

Although art CD-ROM collectors need not be industrialists or oil magnates, amassing several titles can be somewhat pricy. All have suggested retail prices between \$39 and \$89, but most can be found in the \$45 range.

RAPID TRANSMIT

Riding the rails in Europe may be the most pleasant and hassle-free way of seeing both the countryside and bustling cities. But gathering some information before a trip can make the experience even more enjoyable.

Potential travelers hooked up to the Internet can find train schedules, routes, costs, and travel diaries without calling a half-dozen tourist bureaus or a travel agent. Several sites geared to European train travel also provide links to specific areas and agencies for travelers who want to hone in on one country or region.

If you aren't sure whether a train is the desired mode of transportation, contact Travel

Online's rail index (<http://www.starnetinc.com/euro-rail/railindx.htm>). The site outlines the factors—such as speed, price, and reliability—that make trains popular with Europeans and with tourists.

Once the decision is made, general information on train passes and special deals is available through Eurail's Web site (<http://www.eurail.com/index.htm>). The site explains which passes would be most useful for travel within one country or in several and how to activate or order a pass.

For in-depth information on several of Europe's high-speed trains "Mercurio: The European Railway Server" is a tremendous resource (<http://mercurio.iet.unipi.it/home.html#TIME>). The TGV, ICE, and Eurostar get top billing. Choosing Eu-

rostar, for example, will provide an explanation of the Brussels-London or Paris-London service. The author gives tips on how to avoid changing trains in Paris when traveling from London to the south of France. A current timetable is available for several train routes along with rates and advice on where to book a seat. A journalist also recounts his first ride aboard Eurostar back when the train first crossed the Channel Tunnel in 1994.

For those not traveling on Europe's main rail lines, the site provides links to a number of official and unofficial train sources on the information superhighway. Portuguese Railways or the "Polish Train Page" are simply a click away. Tracking down vacation information doesn't get much easier.

SITES OF THE MONTH: CANNES CONNECTION

As the "beautiful people" of the film industry swarm the French Riviera this month for the annual Cannes International Film Festival, a chance for the average moviegoer to get into a screening or soirée is about as likely as spotting a wrinkle on Catherine Deneuve.

Thanks to the Web, anyone can be an insider at this fete of celluloid by the sea. Philip Hoschka's unofficial Web page on the festivities is a must-see (<http://www.inria.fr/rodeo/personnel/hotchka/cannesfestival.html>).

The site comes to life just before the festival, which is scheduled for May 9–20 this year. But a look at last year's

coverage found summaries and reviews of films in competition, biographies of directors, weather information, snapshots of the stars, and of course, gossip—in both English and French.

THE FILM SCOUTS ON THE RIVIERA

(<http://www.filmscouts.com/festivals/cannes96/index.html>) also takes a humorous look at the spectacle, but the emphasis is on the ins and outs of being there.

Next month, we'll profile the European Commission Delegation's new web site at <http://www.eurunion.org>. We also highlight EUROPE's new home page.

—Christina Barron

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GERMANY

By Lionel Barber

A Passionate EUROPEAN

HELMUT KOHL
SEEKS A
UNITED EUROPE

When Chancellor Helmut Kohl of Germany speaks, the rest of the world listens. In the sauna with Russian President Boris Yeltsin or on the hot line to President Bill Clinton, Kohl's booming voice commands attention as Europe's undisputed power-broker.

Now 66 and approaching the twilight of a stunning career, the chancellor has his heart set on one more entry in the history books. His ambition is to anchor a united, democratic Germany in a united Europe. This accomplishment would complete a life's work, setting Kohl alongside his idol Konrad Adenauer as the other great German chancellor of the post-war era.

Those outside Germany who dream of a united Europe often describe Kohl as the last genuine European of his generation. He carries their hopes at this year's intergovernmental conference on the future of the European Union. Kohl is the man with the big vision now that Jacques Delors no longer heads the European Commission and François Mitterrand has passed away.

Yet the chancellor himself is under pressure at home as never before. His coalition with the Free Democratic (FDP) liberals looks increasingly shaky. Rumors of an early general election or a grand coalition with the opposition Social Democrats are rampant in Bonn. More worrying, the German economy, Europe's powerhouse, has stalled. More than 4 million Germans are out of work, the highest level since 1945.

Kohl has seen off the critics before, turning the tables on the SPD in 1990 when he seized a once-in-a-century opportunity to unify Germany. Having spent almost 15 years in power, winning four successive elections, he is comfortable—some say too comfortable—in the exercise of power. But his determination to hang on has little to do with the trappings of office; something deeper is driving the man which can be explained only in terms of his own fascinating contradictions.

Helmut Kohl is disliked as much as he is admired in Germany. He is incurably provincial, liking nothing more than to sip Riesling wines with party chums and swap small-talk in his native Palatinate dialect. He does not speak foreign languages. He is almost proud of being anti-intellectual. He has just published a book with his wife, Hannelore, a childhood sweetheart, on the undiscovered delights of German cuisine.

Yet the chancellor is a passionate European. He warns constantly that the alternative to deeper political integration in Europe is a reversion to 1930s nationalism or the precarious balance of power politics in Europe pursued by Bismarck at the end of the 19th century. European integration is nothing less than a matter of war and



Konrad Adenauer was another well-known and successful German chancellor of the post-war era.

German Chancellor Helmut Kohl on a visit to Paris.

French President Jacques Chirac and Kohl have yet to develop the deep friendship that the German chancellor shared with the late François Mitterrand.



peace, he insists.

Kohl comes across as a big, ambling bear of a man, thick-skinned, and placid. But at times he can be embarrassingly emotional. He is also hypersensitive to criticism, a ruthless politician who possesses a killer instinct. Over the years, he has decapitated or banished potential rivals to the post as leader of the Christian Democrats party (CDU) which he

GERMAN UNIFICATION REMAINS HIS ENDURING TRIUMPH, THOUGH ONE IN WHICH GEORGE BUSH, JACQUES DELORS, AND MIKHAIL GORBACHEV ALL PLAYED VITAL SUPPORTING ROLES.

has held for 22 years.

Once described as the tank which cannot turn, Kohl plows ahead, steamrolling opposition and oblivious of the flak coming from all sides. He has few convictions; but he is ready to defend those he does hold with an obstinacy that inspires awe among supporters and demands respect among opponents. Europe remains his passion.

The starting point for understanding the political psyche of Helmut Kohl is his place of birth, Ludwigshafen, a medium-sized bourgeois town that lies in the Palatinate.

This is the area most often devastated by Europe's wars and invasions, from the Thirty Years War in the early 17th century through Louis XIV and Napoleon.

Kohl's mother's brother—Walter—died as a German soldier in World War I. His own older brother—also called Walter—died in World War II. Against his mother's own pleas, the chancellor named his eldest son Walter, a mark of respect to his fallen elders but also a testament to his own desire to achieve peace and stability in Europe at the end of a turbulent century.

Kohl was nine when the war ended. He completed a doctorate in contemporary history, worked three years in a chemical factory, and soon turned to politics. By 25, he was director of the regional CDU party, having already announced to friends that his ambition was to become chancellor of Germany.

His path to power is a tribute to ambition, stamina, and sheer willpower. Three times, he failed in his bid for the top job, once at the polls and twice at the hands of his own party, which rejected his bid to be candidate for chancellor. In 1982, however, he finally succeeded, ousting Chancellor Helmut Schmidt and striking a coalition deal with the FDP liberals which has carried on to this day.

German unification remains his enduring triumph,

though one in which George Bush, Jacques Delors, and Mikhail Gorbachev all played vital supporting roles. Bush prodded hesitant British, Dutch, and French leaders into accepting German unity; Delors showed how it could be achieved within the framework of the then European Community; Gorbachev resisted the temptation to send tanks into East Berlin to save a bankrupt communist regime.

Kohl's skill lay in putting his foot on the accelerator toward unification while never losing control of the steering. His daring gamble was to offer East Germans a one-to-one currency swap with the D-mark. It won him the 1990 general election and prevented a mass exodus to western Germany. The bill came in later.

His more ambiguous legacy is the Maastricht Treaty. Kohl's agreement to exchange the D-mark for a future single European currency, at the latest by 1999, caused consternation among fellow politicians and inside the Bundesbank (whose objections to the terms of the West-East German currency swap had already been overruled). But Kohl insisted that monetary union and its counterpart political union in Europe was the necessary price to pay for unification.

The difficulty was that Maastricht was one big compromise that fell short of Kohl's dream of a federal Europe. Meanwhile, public opinion has swung away from the grand visions of a highly integrated Europe favored by the so-called three musketeers: Delors, Mitterrand, and Kohl. The German chancellor has since started talking about a Europe of nation states, rather than a united states of Europe.

Kohl was also disappointed that Delors did not stand as Mitterrand's successor in the 1995 France presidential elections. Relations with President Chirac, the mercurial Gaullist, have none of the predictability or intimacy that characterized the Kohl-Mitterrand years, captured by the two men walking hand-in-hand through the mass graveyards of Verdun.

Monetary union, the single most important project in Maastricht, looks in trouble as the European economy turns downward. No one should doubt the political will behind the project, especially Kohl's, but it no longer commands widespread support among the political classes in the EU, where more than 20 million people are out of work.

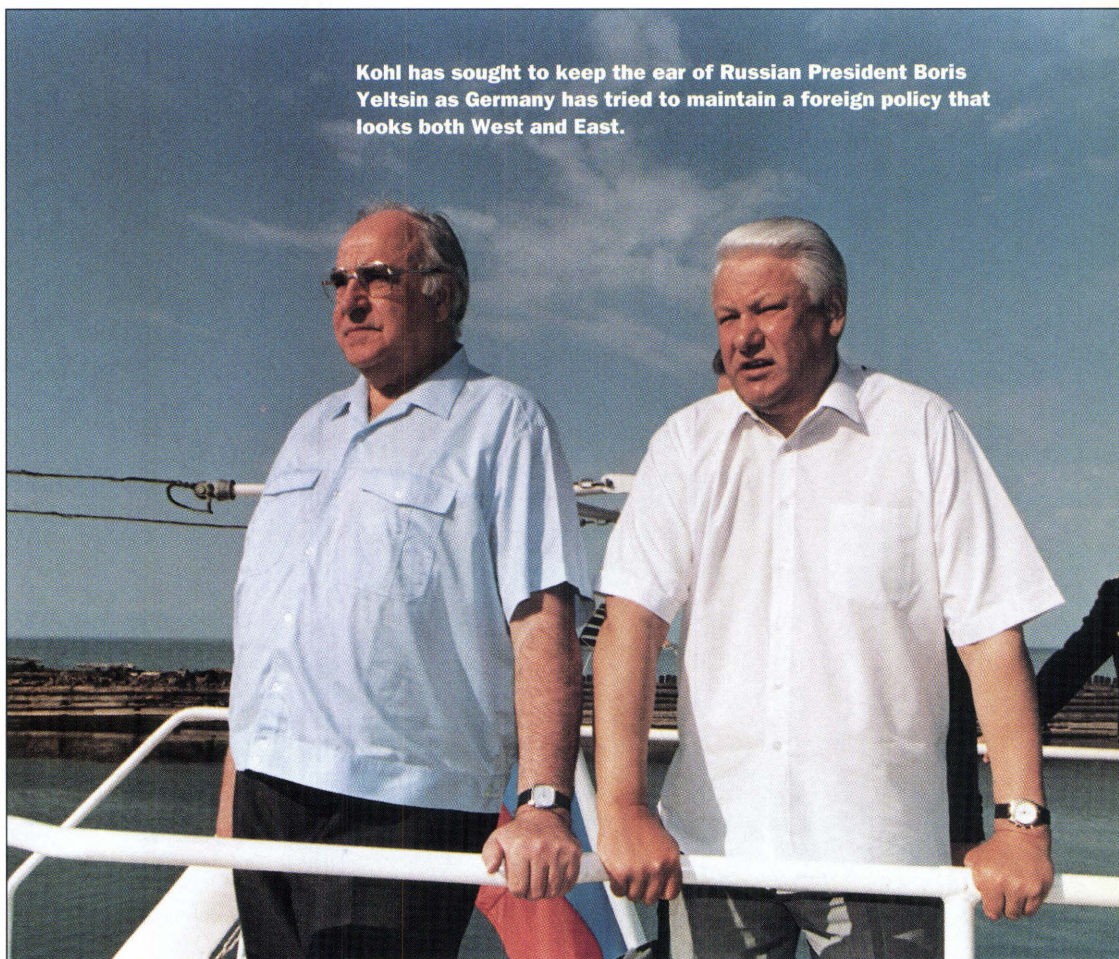
Yet Kohl will not yield easily. He has spent his life defying the naysayers, relishing his role as the "comeback chancel-

lor." Now more than ever he believes it is time to call on the quality of leadership.

Kohl sees leadership, once a dirty word in Germany, as the necessary antidote to Euro-fatigue and Euro-skepticism. He wants to lift the sights of fellow Germans and fellow Europeans to embrace not only the single currency but also enlargement of the EU to the former communist countries of Central and Eastern Europe, notably Poland.

In this respect, European integration for Helmut Kohl is not an abstract concept. His greatest pride is German unification, but his greatest ambition is to ensure that a united, democratic Germany becomes a "normal" nation, worthy of international respect and willing to assume her rightful place in the family of European nations.

This process is historic. Kohl wants to make the Polish-German border as stable as the Franco-German border. He

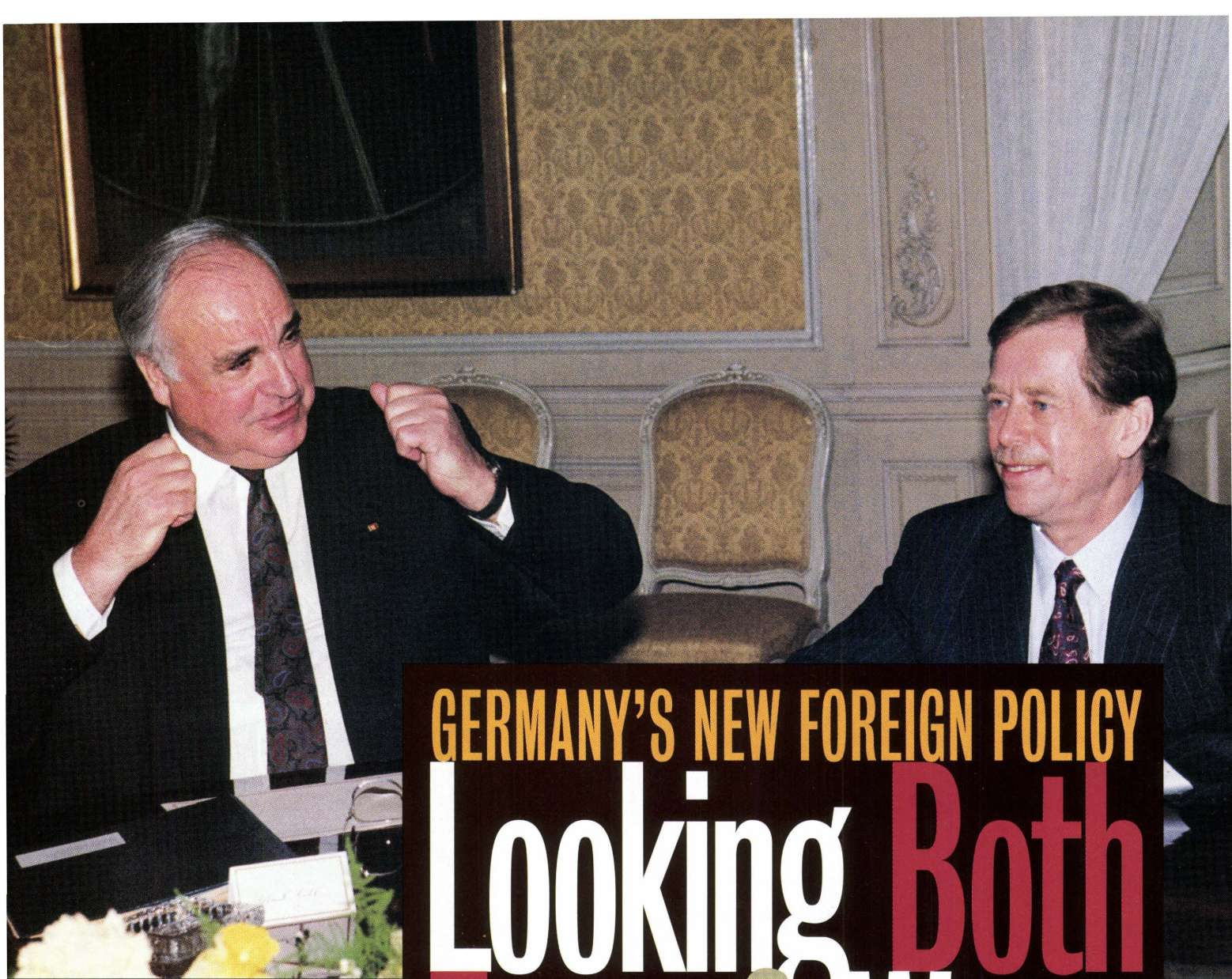


Kohl has sought to keep the ear of Russian President Boris Yeltsin as Germany has tried to maintain a foreign policy that looks both West and East.

wants to embed Germany in a united Europe, resolving the geo-political dilemma of the continent's most powerful and most prosperous country as it faces both east and west. He wants to make the process of European integration irreversible.

It is a noble vision and one that Kohl will fight with all his might to achieve in his lifetime. He is, as one UK cabinet minister said recently, an old man in a hurry. ☺

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



GERMANY'S NEW FOREIGN POLICY

Looking Both East & West

BY ELIZABETH POND

Germany is a key foreign policy player in Europe today. Its aim is to repeat the brilliant post-World War II improvisation that brought prosperity and peace to Western Europe and do the same for Central Europe in the post-cold war world.

Even more surprisingly, perhaps, both the German political class and representative allied governments in the United States, France, the Netherlands, and Poland basically approve of Bonn's chosen role.

At the beginning, everyone lamented, all the challenges came too soon, before the new Germany was ready for them. First, the Gulf War caught Bonn off guard within months of unification and added an unwelcome \$10 billion bill to the \$100 billion the western Germans began pouring annually into their new eastern half. For its part, the huge cost of re-

suscitating eastern Germany sucked German capital away from the rest of Europe, and along with the Bundesbank's insistence on suppressing inflationary pressure from so much liquidity helped worsen the whole continent's cyclical recession.

Simultaneously, Yugoslavia dissolved into war, and Bonn responded to the carnage and Europe's impotence by forcing its allies to recognize Croatia. Bonn's hope was that if the civil war became an inter-state war, this would legitimize outside involvement on behalf of the victims of expansionist Serbia.

The conjunction of the three issues dismayed a number of Germany's allies, however. Few went as far as Irish diplomat Conor Cruise O'Brien (and, by extension, German novelist Günter Grass) in initially fearing that German unifica-

tion could lead to a nasty "Fourth Reich." But many British and some French saw in the actions a new readiness to throw German weight around—or even to revive 19th century spheres of interest.

That was then, however. Now is now. With intervening cyclical growth, the Bundesbank's single-minded fight against inflation ceased to distress non-Germans quite so much (and despite today's record unemployment, the pendulum has not yet swung back fully). Then with Washington's re-engagement in the Yugoslav issue, Bonn was able to defer to American leadership and revert to a low profile in the Balkans.

Besides, in the meantime Germany's old taboo in sending the Bundeswehr outside NATO territory has been replaced by a consensus that it's more moral to stop local bullies by force than to condone them by peaceful inaction. Four thousand German soldiers are currently serving in NATO's Implementation Force (IFOR) in Bosnia and Croatia; allies' resentment of what was often seen before as German freeloading in security matters has correspondingly diminished.

European friends still complain about assertive Germans from time to time as their particular corns get stepped on. But fundamentally German foreign policy is now seen as benign, and the Germans are recognized as the continent's most post-national citizens and the staunchest proponents of European integration.

It might well be argued that united Germany's new policy, when cast against West Germany's pre-1990 policy, ex-

hibits as much continuity as innovation. What clearly has changed a good deal, though, is Germany's authority in implementing this policy.

Thus, Germany's two top priorities remain the same: keeping the US engaged in Europe and pressing for greater European integration. Its two new additional goals—drawing the emerging democracies of Central Europe into the Western European clubs of prosperity and security and convincing Russia that its loss of empire does not shut it out from Europe—follow from the first.

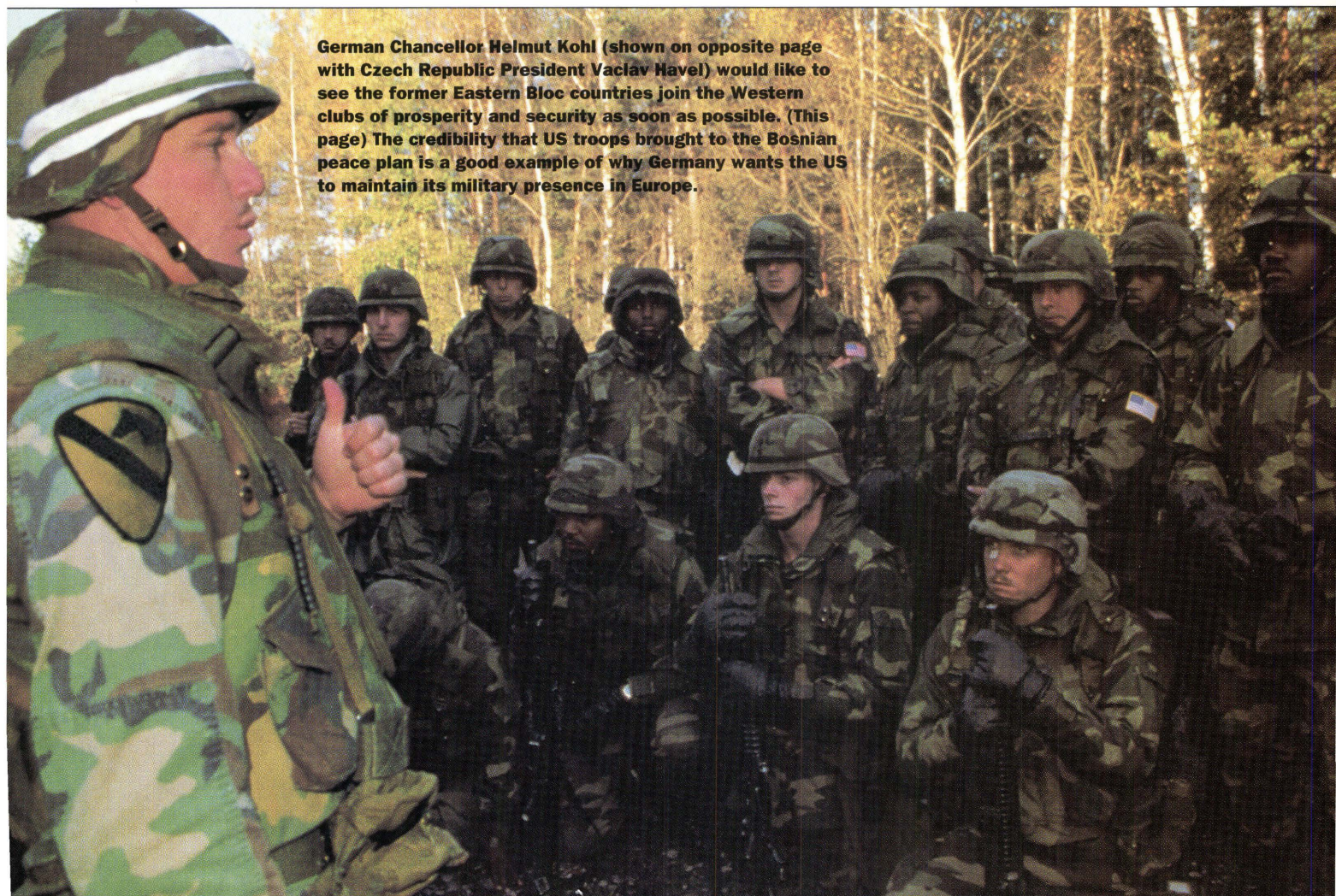
The precept of keeping the US active in Europe is just the reverse of the estrangement that various commentators expected once the Soviet forces withdrew from Central Europe and Germany no longer needed Washington's nuclear guarantee against the Eurasian superpower. Yet it is plainly in Bonn's interest. At a psychological level, American involvement assures other Europeans that they will not be left alone with the powerful Germans. Conversely, it also assures the Germans that they will not be left alone with their sometimes parochial European friends.

More concretely, American leadership and hardware—in airlift, real-time intelligence, and the painstakingly constructed integrated military NATO command—are as needed as ever in a safer but less predictable post-cold war Europe.

Germans welcome a continued US lead in dealing with Yugoslavia and other tough problems that the Europeans have not been able to sufficiently resolve on their own.

Washington reciprocates the cordiality. A Democratic ad-

German Chancellor Helmut Kohl (shown on opposite page with Czech Republic President Vaclav Havel) would like to see the former Eastern Bloc countries join the Western clubs of prosperity and security as soon as possible. (This page) The credibility that US troops brought to the Bosnian peace plan is a good example of why Germany wants the US to maintain its military presence in Europe.



ministration no longer uses the vocabulary of a Republican president in describing Germany as its "partner in leadership." Nonetheless, that phrase accurately describes the substance of its relationship with an ally that often shares America's foreign policy preferences, especially in enhancing stability in Central Europe and the former Soviet Union.

Germany's companion precept—for Chancellor Helmut Kohl this is an article of faith—is "deepening" the European Union while the present international fluidity still permits and before new rigidities set in. "This is the prime European mission for our entire generation," a senior German diplomat says in explaining the obsolescence of the lone-actor nation-state in an independent world. "We must create a new security and economic architecture for all of Europe. Such an historic chance doesn't come often. And if we fail for lack of a serious effort and give in to nationalism and protectionism, coming generations will never forgive us."

To accomplish this mission, Germany relies now as before on the driving force of its "alliance within the alliance" with France, despite the difficulties of French adjustment to the enhanced power of a fully sovereign, united Germany. The relationship was strained with the election of Gaullist Jacques Chirac as French president in 1995. Like his predecessor, however, Chirac ultimately concluded that he has no alternative; France could never influence a go-it-alone Ger-

man giant, but it can have an impact if Germany is bound (as today's Germans wish to be bound) to an increasingly integrated Europe. Chirac therefore accepted the cost of painful domestic fiscal discipline today in order to achieve monetary union with Germany tomorrow. Unlike his predecessors, he also accepted the corollary—to the relief of the Germans—of the French rapprochement with NATO.

On the new precept of bringing Central Europe into the Western European community, Germany was virtually alone in the early 1990s in saying that "deepening" of the European Community was not only compatible with "widening" it, but complementary. Admitting the new democracies as members would not paralyze the European Community, Bonn maintained, but would force it to make necessary changes in reducing national vetoes on common action and (in whispers) cutting exorbitant farm support.

Partly through sheer repetition from the nation that is still the paymaster of Europe—and from German cultivation of the European enthusiasts in the small Benelux countries—this view now prevails in the EU. A little noted sign of the acceptance of German leadership in the transformation of Europe and the EU has come in the recent full normalization of German-Dutch relations after decades of intimate economic cooperation but Dutch resentment of Germany from World War II.

Germans are not rushing to the barricades despite a record post World War II unemployment rate of 11.1 percent and the fact that the number of people employed in Germany has actually shrunk. Europe's economic powerhouse is having severe economic problems.

Germans have sensed that cuts in benefits are unavoidable in order to save jobs. When Volkswagen introduced a four-day week to save jobs, Germans were taken aback. They were also upset when Mercedes announced it would make the Swatch car in France because production costs in Germany were too high. "Before long," predicts pollster Noelle-Neumann, "Germans will accept lower wages for the sake of jobs." Last fall, the powerful metal workers union suggested holding off wage increases in return for an employer's

promise to safeguard jobs by cutting overtime, increasing flexible working hours, and taking on part-timers. Employers complain they cannot create jobs if workers are pushing for pay hikes.

Even though Chancellor Helmut Kohl would like to halve unemployment by the end of the century, the real worry is that unemployment has increased during two years of fair economic growth. The Cologne-based Institute for the German Economy reported that 27 of 41 industrial sectors surveyed were planning further job cuts in 1996 to reduce high overheads. The German economy suffered a sharp downturn in 1995 when it grew by only 1.9 percent

and the prospects for 1996 look worse. The threat of high unemployment, the slower-than-expected growth, which is predicted to be zero in 1996, and the fear that Germany could not fulfill the Maastricht criteria for the European Monetary Union (EMU) have finally forced policy makers into action after a long period of procrastination. The government has announced a 50-point employment program to stimulate the economy, reverse the decline in business confidence, create jobs, and restrain the

budget deficit. Finance Minister Theo Waigel, has tightened the rein on public spending to counteract a forecasted increase in the budget deficit.

Though Chancellor Kohl has been preaching "self-reliance," many young Germans seem to lack the entrepreneurial spirit of their fathers. Certainly high taxes, red tape, excessive regulations, and a recent ruling by the Constitutional Court requiring inherited property to be taxed like other assets are no encouragement for young entrepreneurs. The government wants to change that. The cabinet agreed to make \$674 million available to young

EUROPE'S ECONOMIC POWERHOUSE FACES SEVERE PROBLEMS

Many auto makers at German Volkswagen plants now work only four-day weeks.



Certainly in the East, Germany is viewed as the Central Europeans' window to the West. Bonn prodded its allies to issue a written promise of future membership for qualified Central European candidates and has pushed the opening of the European market to prospective members. Prior to membership, it has also gotten Central European heads of government admitted as regular observers at EU summits. And bilaterally, united Germany and Poland—the largest and economically most dynamic country in the region and the one that suffered the most dead proportionally in World War II—have finally copied French-German postwar reconciliation to establish exemplary relations.

Germany's fourth precept—avoiding making a pariah of Russia on the disastrous pattern of post World War I treatment of the Weimar Republic—might eventually engender quarrels with its allies as assessments diverge. So far it has not done so. Russian President Boris Yeltsin calls Kohl his best Western friend, and Kohl implicitly gave him a boost toward this summer's presidential election by visiting him in February. He also promoted Russia's recent admission to membership in the Council of Europe despite the country's tarnished human rights record in Chechnya.

Fully as important to Bonn as its allies' acceptance of German foreign policy is the domestic backing for this pol-

entrepreneurs beginning last January as venture capital through banks and other financial institutions. The economics minister, Günter Rexrodt, has pointed out that an average of four jobs are created when a new business is set up. The cabinet also proposed that a further \$674 million be made available for companies that are fundamentally competitive but have temporary liquidity problems. In addition, those prepared to take the risk of setting up a company would be given corporate income, trade, and company tax relief over a three-year period or the possibility of writing off investments against taxes.

The craft and trade sector, called *Handwerk* in German, would be subjected to less red tape, and superfluous regulation would be scrapped to encourage individuals to set up businesses. At present, a butcher has to observe some 80 laws and regulations. There are 127 *Handwerk* professions with 563,000 entrepreneurs and 6.2 million employees—28 percent more than 18 years ago. Analysts predict that *Handwerk* will grow by 3.5 percent in eastern Germany, while the western German *Handwerk* sector will drop to negative 1.5 percent.

The government also intends to encourage risk-taking by reducing subsidies, increasing the number of companies to be privatized, and introducing deregulation. Some of the country's airports will be privatized and the government's progressive privatization of Lufthansa, the national airline, will be completed this year. The remaining 34 state-owned enterprises in eastern Germany will be sold off. The government has also appealed to state and municipal administrations to privatize local services and reduce public spending.

Norbert Blüm, the labor and social affairs minister, also announced a two-pronged strategy to reduce Germany's high labor costs and increase employment. Social security contributions, shared fifty-fifty by employers and employees, rose to 41 percent of gross wages (from 39 percent) this year. These contributions represent a significant brake on German competitiveness. The gov-

ernment wants to cut these contributions to below 40 percent by 2000. Blüm emphasized that this "evolution was not a revolution" and that the social security system would not be radically changed.

The government was able to reach an agreement with employers and the trade unions to phase out a form of early retirement that had been a financial thorn in the government's side. Under a loophole created in 1957, large businesses effectively compelled the government to pay for mass layoffs. The laid-off workers who had not reached the official retirement age of 62 would collect unemployment benefits from the government until their sixty-second birthday when they would begin getting their pension checks from their former employer. Last year, 300,000 people took advantage of early retirement and cost the state pension fund more than \$44.5 billion, driving both the state pension and the unemployment funds to near crisis. Under the new agreement, instead of early retirement, trade unions and employers have agreed to try and create many half-time jobs for people over 55. This overdue reform, however, will not yield economic relief until 1998. By that time, Germany will have had to cut its public sector deficit to 3 percent of GDP (3.5 percent in 1995) to meet the Maastricht criteria for EMU in 1999.

Spectacular insolvencies and expected job cuts of up to 500,000 this year should not, however, obscure recent increased corporate profits and rising shares. "Many enterprises," reports the influential newspaper *Frankfurter Allgemeine*, "were not only able to increase their profits last year but the prospects for this year are equally promising." German companies are investing heavily abroad which is contributing to the rise in domestic unemployment. Economists agree that Germany's economy as a whole will do little better than stagnate this year and that Germany's unemployment problem will remain at least for the short term.

It is a self-imposed task that calls not only for Prussian principle, but also for French finesse. ☺

Elizabeth Pond is co-author of The German Question and Other German Questions, just published in the US by St. Martin's.

—Wanda Menke-Glückert

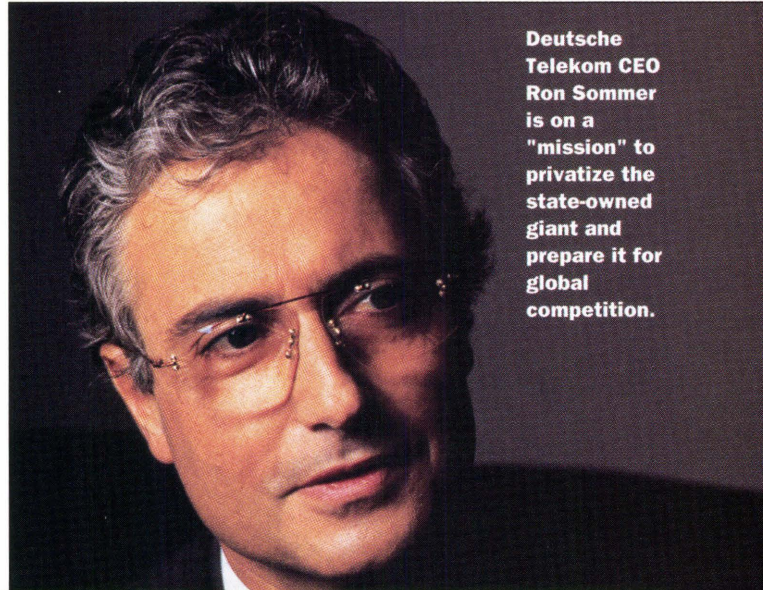
DEUTSCHE TELEKOM

DEUTSCHE TELEKOM, Germany's giant state-owned telephone company, faces the most challenging 12 months in its history as it prepares to sell shares worth up to \$10 billion to millions of domestic and foreign investors. The share issue, scheduled for November, would be one of the world's biggest.

Even as the group launched a massive global advertising campaign to whet investors' appetites, it was bunkering down to confront a second challenge—competition from German and foreign operators who will be allowed to offer telecoms services from July 1.

Deutsche Telekom has also been sucked into the merger frenzy gripping the global telecoms industry. It was poised to break into the British market in mid-April by taking over Mercury, the country's biggest independent operator. Mercury's parent, Cable & Wireless, was on the verge of a merger with British Telecom, which has already moved into Germany.

Meanwhile, the Deutsche Telekom privatization is set to have an impact way beyond Germany's borders, particularly in neighboring France where the government is running the



Deutsche Telekom CEO Ron Sommer is on a "mission" to privatize the state-owned giant and prepare it for global competition.

GERMAN GIANT FACES MOST CHALLENGING YEAR BY BRUCE BARNARD

gauntlet of militant labor unions as it too moves to partially privatize the state monopoly, France Telecom.

The liberalization of Germany's telephone market, the third largest in the world after the United States and Japan, also will be a decisive step toward improving the European Union's flagging competitiveness.

German businessmen have long complained about being gouged by Deutsche Telekom, especially for calls abroad which can be as much as three times more costly than in the UK or the United States.

The German government had no option but to open up its market to meet an EU deadline of January 1, 1998 for total liberalization of all services, including voice telephone, the most lucrative sector.

But the process of getting political agreement to privatize Deutsche Telekom, the largest ever disposal of German state assets, and allow free rein to the rivals waiting in the wings exposed the deep divisions between the free marketers and the supporters of the status quo which could yet scuttle the Deutsche Telekom sale.

The government's problems are compounded by the fact that it has a majority of only 10 in the Bundestag, the lower house of Parliament, and is in a minority in the Bundesrat, the upper house where the *Länder* (federal states) jealously guard their rights even in telecoms.

The atmosphere was not helped by the decision of the

Bundestag to award parts of its telecommunications business to a US company, WorldCom, rather than Deutsche Telekom.

The privatization itself is proving traumatic for Deutsche Telekom's management, its work force, and its customers. Ron Sommer, the former head of the European wing of Sony, the Japanese electronics group, who became chief executive in May 1995, has said his task is more than "just a job." It is "a mission."

Customers are upset because their local charges rose sharply at the beginning of the year—some soared by a marathon 150 percent—as the company removed the cross subsidies from other services such as business and international calls.

The group's 215,000-strong payroll also is up in arms following 15,000 layoffs in 1995 and a further 43,000 planned by the year 2000 as Deutsche Telekom strives to match the superior productivity of its foreign rivals. There won't be any forced layoffs, but workers are still unsettled.

Deutsche Telekom, meanwhile, has spent nearly \$22 billion updating the obsolete network it inherited after the Berlin Wall collapsed in 1989. And at least another \$10 billion must be invested to complete the modernization program in the five eastern *Länder*.

Investment bankers say they can't value the company until it publishes its annual results in June and the government finalizes legislation for liberalization, probably in July. Among

the key issues to be resolved is how much rival operators must pay to access Deutsche Telekom's domestic network.

Deutsche Telekom didn't stand still while the politicians were settling its fate. It joined forces with France Telecom in a \$1.3 billion joint venture, called Atlas, that then spent \$4.2 billion on a 20 percent stake in Sprint, the third largest US long distance telephone operator, to create a global alliance, Phoenix.

The deal had the solid support of German Chancellor Helmut Kohl, who said Deutsche Telekom must be a "global player in the world telecommunications league."

The alliance was a delayed response to British Telecom's \$4.3 billion partnership with MCI, the second largest US long distance operator, and AT&T's link with Unisource, a grouping of the Dutch, Swedish, Swiss, and Spanish national telephone companies.

The \$5 billion plus price tag on Atlas and Phoenix carried an additional cost demanded by the European Commission—a commitment by the German and French governments to allow competition in their markets from July 1, 1996.

And the competition, particularly in Germany, is raring to break into markets that have been dulled by decades of monopoly and promise big payoffs for nimble private firms with smaller payrolls. Deutsche Telekom, which controls 93 percent of the German market cannot afford to be complacent. Romtec, a British market research firm, last year found that more than 70 percent of German companies it polled said they would move some of their business to the newcomers. By contrast, French firms were more loyal to their monopoly supplier, with more than 50 percent saying they would stick with France Telecom.

The newcomers aren't small players. Rather they are giant electricity and utility companies that are prepared to spend billions to mount effective rival networks to Deutsche Telekom targeted at the premium business market, and most have teamed up with foreign partners to make up for their lack of experience in the telecoms business and to offer a more comprehensive service.

The competition is clustered around a handful of powerful companies, such as Viag, a utility and industrial conglomerate; Thyssen, a steelmaker; RWE, the country's largest utility; Mannesmann, a pipeline and engineering group; and Veba, a general utility. Deutsche Bahn, the state-owned railway, is also getting into the business.

The utility companies already have an infrastructure in place thanks to a 1928 law that allows them to have their own networks for internal communications. They are now frantically laying state-of-the-art fiber optic cables and installing switches to mount a challenge to Deutsche Telekom.

The newcomers are prepared to spend big to get more than niche market shares. RWE, for example, has committed \$6.8 billion to build a nationwide network, and Viag is selling \$2 billion worth of shares to fund its telecoms ambitions.

Some companies have already built sizable telecoms operations. Mannesmann's telecoms unit, for example, generated about half the company's \$604 million profit in 1995, although it accounted for less than 10 percent of its \$21.7 billion sales. Moreover, its mobile network with 1.5 million subscribers, and growing at 60,000 a month, is as big as Deutsche Telekom's mobile unit, DeTeMobil.

Deutsche Telekom's rivals have underwritten their market onslaught with strategic partnerships with foreign firms. Viag

and RWE have teamed up with British Telecom, a 10-year veteran of liberalization, and Veba and Mannesmann have joined with Britain's Cable and Wireless and AT&T of the US.

The newcomers have a clear vision of where they are going. The Viag, BT, and RWE consortium is aiming for a 10-15 percent share of the German market over the next 10 years.

While it prepares for the assault on its formerly protected turf, Deutsche Telekom, too, is looking abroad for growth. DeTeMobil has won licenses in the Czech Republic, Poland, and Austria and moved into Russia in April, buying a 49 percent stake in Russkaya Telefonnaya Kompaniya, a company with licenses in six large towns. Earlier, Deutsche Telekom teamed up with Ameritech to take a 30 percent, \$780 million stake in the Hungarian telephone company.

Now Deutsche Telekom wants to break into the UK to respond to British Telecom's move into its home turf. Said Deutsche Telekom's Sommer, "The UK has a high priority. It is one of Europe's key markets."

But the number one priority is a successful privatization at the end of the year. So far everything has gone Deutsche Telekom's way, particularly the German government's decision not to dismantle its monopoly. Even so, life is going to get tougher by the month as Deutsche Telekom's world begins to change out of all recognition. ☹

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

GLOBAL ONE

Sprint, Deutsche Telekom, and France Telecom have gone global with their new alliance called Global One. The new joint venture is Sprint's response to AT&T's World Partners and Concert, a joint operation of MCI and British Telecom. With 2,500 employees and 1,200 points of presence in more than 50 countries, Global One is trying to capture a larger share of the world's telecom markets.

"Companies can't do it alone anymore. There is severe pressure. The competition is in our own backyard. It therefore is very important to cooperate today," said Vincent Hovanec, Global One's director of media relations.

Sprint and its two European partners are attempting to provide better services to businesses as well as private consumers.

"Global One is ready to provide customers with high quality, seamless service and the one-stop shopping they expect from a global carrier," said Chris Rooney, president and CEO of Global One. "All it takes is a call."

Global One, for example, will give customers a global calling card that allows them to charge calls in any currency from any phone.

So far, Global One has had a good start and is hoping to reach revenues of \$800 million by the end of this year. United Parcel Service, for example, has turned to Global One in a \$30 million deal to link 250 of its sites in Europe, and LVMH Moët Louis Vuitton SA has signed a three-year deal with the company to serve its locations in 50 countries.

—Nadja Rogozzynski



By Wanda
Menke-Glückert



HIDDEN CHAMPIONS

LITTLE-KNOWN FIRMS SUCCEED ABROAD

IT IS WELL KNOWN that small and medium-sized companies, known in German as the *Mittelstand*, compose the backbone of the German economy. What is less known is that some 500 elite *Mittelstand* companies and not giant corporations are more often than not the real winners on the world markets. In some industries they have global market shares of 70–90 percent, positions that larger multi-national companies can only dream about. Why are the unknown world market leaders so successful? What are their strategies? What lessons can be drawn from the world's best unknown companies? A new book, *The Hidden Champions*, by Hermann Simon, head of the Simon, Kucher & Partner consultancy in Bonn, proposes the answers.

Many of the hidden champions were operating globally long before the buzzword “globalization” was coined. Because of worldwide trade, hidden champions achieve large market shares even with smaller niche products. The public profile of a hidden champion is deliberately low. Many relish their obscurity. Hidden champions are small to medium-sized and can be found in almost all industries.

Hauni, for example, is the world market leader in cigarette machines and the only supplier of complete systems for tobacco processing. It has a world market share of nearly 90 percent. All filter cigarettes in the world are manufactured by Hauni technology.

Another hidden champion is Baader. It owns 90 percent of the world market in fish processing equipment. Even in Vladivostok, Russia, one wouldn't have a problem obtaining Baader's products.

The market for point-of-use water filters was created by Brita. The pioneer firm has continuously defended its leading position and still enjoys a market share of 85 percent.

Once the world's leaders, German camera manufacturers have in recent years all but been pushed out of the market by the Japanese competition. But there are some who have successfully managed to hold on to a small but secure worldwide recognition.

In certain areas, German precision cameras, with a comprehensive range of accessories, maintain good market shares and achieve handsome growth rates. In the photography world, the Arriflex camera is famous among still photographers. “We are the world's market leaders with a share of some 60 percent,” says Arri's spokesman in Munich.

Another medium-sized company (250 employees) which enjoys an international reputation is Linhof of Munich. The

company, which is more than 100 years old, is one of the world's most prominent manufacturers of top quality large format camera systems. For a professional photographer, a Linhof is what a Steinway is for a pianist. During a space shuttle mission in 1984, a Linhof Aero Technika was used in space for the first time. Since then NASA has placed further orders. With a 30 percent share, Linhof leads that sector of the camera market, and oddly enough more than 30 percent of its exports go to Japan, which is home to many of Linhof's competitors.

Some of the champions are even more obscure. They often operate in niches. Tetra has more than half the world market for food for ornamental fish. Others with dominant positions in their often esoteric markets include Paul Binhold Ltd. with its anatomical teaching aids, such as skeletons. Binhold's 300 employees have cornered a global market share of 35 percent and plan to double it. Its prospectus is published in 18 languages.

The typical hidden champion has annual sales of \$130 million. Only a few companies have more than \$670 million, but they generally flourish under tough economic conditions. During the recession between 1989 and 1994, contrary to the trend, the Mittelstand companies reported an annual growth of 6.5 percent. In the boom years of the mid-to-late 1980s, they achieved a growth of 16 percent. And unlike large corporations, these companies create many new jobs.

The hidden champions tend to be heavy exporters although their products are often inconspicuous. On the average, more than 50 percent of their sales revenue come from direct exports. With annual exports of some \$34 billion, they are extremely important for Germany's trade balance and employment.

The elite Mittelstand companies are mostly family-owned. "The succession question is a

With only 250 employees, Linhof is one of the world's leading makers of large format camera systems.



Water filter pioneer Brita and gummi bears originator Haribo (opposite page) are good examples of Germany's "hidden champions."

real problem," says Simon, "especially for first generation companies." Other problems are Germany's high taxes, high non-wage costs, and complicated bureaucracy. "These financial burdens will push many companies to expand abroad even more rapidly," concludes Simon.

The majority of the hidden champions say that sustained success is mainly a matter of focusing regularly on their core businesses and making a lot of uncelebrated small improvements every day. Their success, they say, is not due to one specific factor, but rather to the sum of consistently doing many little things slightly better than big companies.

The primary target of the big players is market leadership—and nothing else. Sales revenue and unit sales are seen as the two most important criteria of market leadership. For 36.2 percent of them, market leadership is also defined by technology. The hidden champions see market leadership as a long-term, rather than short-term, aim.

They are not only good at building up market shares but also in defending their leading market positions. "Our goal is to become number one and to stay there," is their motto. They continue to innovate and to redefine the rules in their industry. Sachtler AG (number one producer of professional camera tripods) or Haribo (producer of gummi bears), for example, even build their own plants and machines. Both companies believe in the principle that work delegated out-

side the factory gives away competence and know-how.

The hidden champions maintain excellent personal contacts with their customers. These contacts have grown over decades. They represent a continuity that money cannot buy, and that cannot be simply imitated. Simon says that the hidden champions go their own way. They do things differently than other enterprises and ignore the preachings of present day management gurus. Typical for the Mittelstand companies is that they rely on their own staff; they don't form strategic alliances; nor do they think much of outsourcing. They offer good products and good service. They integrate customers' wishes into their innovations and modern technology. But their real secret of success is that the managers use common sense. "This sounds simple, but it's very difficult to implement." Simon says, "It will be the Mittelstand and not the multinational concerns that will pull Germany out of its present economic stagnation," says Wolfgang Clement, economics minister of North-Rhine-Westphalia. Simon couldn't agree more. ☺

Wanda Menke-Glückert is EUROPE's Berlin correspondent.

EU EASTWARD EXPANSION

CZECHS, HUNGARIANS, AND POLES EAGER TO JOIN THE UNION

BY BARRY
D. WOOD

European Commission President Jacques Santer visited Prague and Budapest in early April giving at once categorical and illusive answers about EU expansion to Eastern Europe. Yes, said Mr. Santer, membership negotiations with some prospective Eastern countries are likely to begin in 1998, soon after completion of the intergovernmental conference. Yes, he said, the decision has been made to expand eastwards, and the EU will not shrink from its historic challenge to do so.

But, said Mr. Santer with equal emphasis, "We can't say which countries will be first, and please don't ask me for a timetable of when new Eastern members will join." Of course, it's an open secret in Brussels that Poland is likely to be the first former East Bloc applicant to join. German Chancellor Helmut Kohl made that clear when he visited Warsaw late last year. The new president of Poland, the young ex-communist Aleksander Kwasniewski, 41, is reassured by the eagerness of Mr. Kohl to sponsor Poland's application. At this year's World Economic Forum,

the Polish president declared, "It is my task, not just my dream, to see Poland inside the European Union by the year 2000."

The Czechs and Hungarians hope to join Poland in the first wave of EU eastward expansion. There is a good reason to assume they will.

The Easterners know that the Common Agricultural Policy (CAP) has to be changed lest their farmers and depressed region bankrupt the system. Polish Finance Minister Grzegorz Kolodko says openly what everyone knows, "The EU must change because the CAP and the structural policies are unsustainable." But tell that to Agriculture Commissioner Franz Fischler of Austria, who insists that enlargement can not result "in killing off the CAP, which is a policy that European farmers need."

Richard Baldwin of London's Centre for Economic Policy Research says bringing in Poland, Hungary, the Czech Republic, and Slovakia under existing rules would boost EU spending by \$80 billion annually, requiring a 60 percent increase in member state budget contributions. Mr. Baldwin is con-



vinced that obstacles are so great that Eastward expansion won't occur for at least two decades. Clearly the road to Eastern expansion is littered with pot-holes. The journey will not be smooth.

A total of nine Eastern countries have pre-membership EU association agreements. In January the Czech Republic became the sixth of these to formally request accession. Besides the Czech Republic, Poland, and Hungary,

the EU has association agreements with Bulgaria and Romania, the three Baltic states (Estonia, Latvia, and Lithuania), and Slovakia. Slovenia, the richest, western-most part of the old Yugoslavia, initialed an association agreement in 1995, but formal signing has been held up by Italian opposition to Slovenia's restrictive property laws.

Inside the applicant countries literally hundreds of civil servants are working

full-time to bring national laws and regulations into conformity with EU standards. Says one diplomat, "It is difficult for Western Europeans to comprehend the extent to which the desire to join the EU and NATO drives policy here in the East." That drive took on greater urgency this spring after the Russian Duma called into question the treaty that broke up the Soviet Union. Within the nations situated uncomfortably between Germany and Russia, there is anxiety bordering on alarm about Russia's intentions, particularly if Communist Party leader Gennady Zhuganov wins the presidential election. Sounding an alarm Paul Revere-style, Czech President Vaclav Havel castigates the West for going too slow on NATO and EU expansion. He complains that excessive Western caution has caused a new spirit of Munich to return to Europe.

If it is hard for the EU to incorporate the three fastest Central European reformers, then what are the prospects of the Baltics and particularly the Balkans, where reform lags behind and Russian security concerns are more directly affected? The Baltics fear they are getting the runaround, despite stunning progress in Estonia and the best efforts of the Swedes and Finns to pave the way for all three countries joining the EU. The Bulgarians and the Romanians, aware that even their relatively advanced neighbor, Greece, would today have a hard time getting into the EU, fear that their time may never come.

Eastern integration is, in the words of European Commissioner Sir Leon Brittan, "The most important issue ever to confront the European Union." But it is also a task of immense complexity and difficulty. Never before has the EU sought to take in so many new countries (the applicant countries have a population of more than 100 million) with such different political traditions and low levels of economic output. For example, the Czech Republic, the richest of the applicants, has a GDP per head that is only 45 percent of the EU average. In Romania GDP per capita is only 20 percent of the EU average.

Is Eastward expansion only four years away? Or is it more realistically five to ten years off? It is impossible to predict at this point in time. ☹

Barry D. Wood is EUROPE's Prague correspondent.



SLOVENIA



OPEN MARKETS IN

By Kenneth C. Danforth

A happy transition to democracy, to a market economy, and to civilian control of the military has been quietly taking place in Slovenia—on the sunny side of the Alps—while the world was transfixed by the horrors of war in nearby lands.

It may seem fanciful to talk of good news in the context of the gory fragmentation of Yugoslavia. Yet, a success story to warm the heart of any democrat (and even partially thaw an economist's) is taking place in what used to be the northwest corner of that doomed federation.

In a country half the size of Switzerland, 2 million Slovenes are assiduously building upon the freedoms they had to fight for.

Unimaginable only a few years ago, one of the six republics that once composed Yugoslavia is being praised in most Western capitals as the model for any ex-communist state aspiring to membership in NATO and the European Union.

The nettlesome exception is Italy, which is blocking Slovenia's bid for associate membership in the EU until thousands of property claims can be settled. At the center of the acrimonious standoff are the rights of Italians whose property was taken when they emigrated after World War II. Most of the parcels are near the Italian port city of Trieste, which is almost surrounded by Slovenian territory that Italy occupied during both world wars.

Slovenian public sentiment is so strongly set against yielding to Italy that a majority of the population seems prepared to do without EU membership if that is the price of entry. Prime Minister Janez Drnovsek says that Slovenia is willing to submit to every other demand but this one. Such a sense of national pride is particularly meaningful when

one considers that about 65 percent of Slovenia's foreign trade is with EU members.

Other EU governments from Vienna to London, from Bonn to Lisbon are enthusiastically championing an association agreement with Slovenia. As well they should: Slovenia is not only outperforming the other Central and East European candidates; at current rates of economic growth it could pass EU members Greece and Portugal in four or five years.

As for NATO, Slovenia joined the Partnership for Peace in March 1994 and has already taken part in joint military exercises as far away as Louisiana. Allied warships, including four from the US Navy, have visited the rapidly growing port at Koper.

US Defense Secretary William Perry put it succinctly when he visited Slovenia last fall: "Slovenia is a model for the rest of Central Europe, and a strong candidate for integration into Europe's economic and security structures."

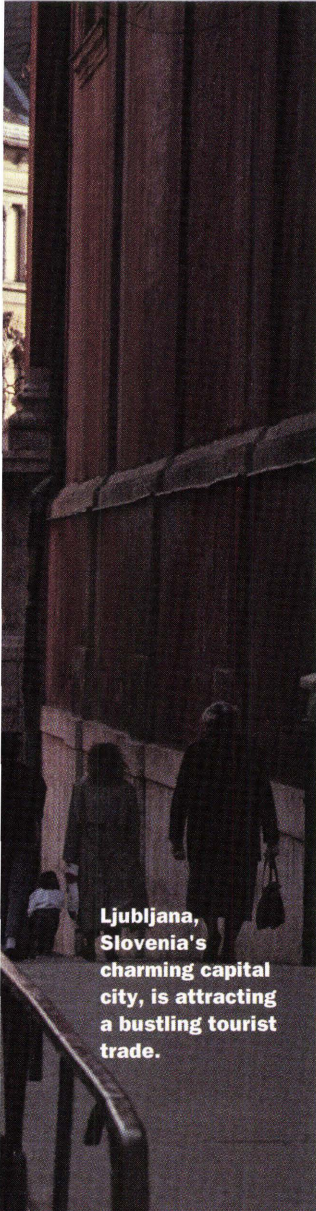
At heart Slovenia has always been part of Western Europe. A sure way to start a warm discussion in Ljubljana, the capital, is to tag Slovenia as part of the Balkans. Slovenes, according to their national mystique, are industrious, democratic, progressive, well-educated, and deservedly self-assured—all attributes that the Balkan stereotype does not possess in any noticeable measure.

Long before the breakup of Yugoslavia and the ensuing wars, the Slovenes had two complementary yearnings: to escape the insufferable constraints of a despised federation and to formalize at last its cultural and emotional ties to Western Europe. It was a struggle against a dark past (imposed by others) and an embracing of what it saw as a bright future. Today, having broken with a vengeful history that still consumes its less fortunate former Yugoslav neighbors, Slovenia keeps its eyes on the two prizes that are most coveted from the Baltic to the Adriatic—acceptance by NATO and the EU.

Slovenia's relationship with Serb-dominated Yugoslavia became increasingly intolerable as 1990 progressed. By December 23 of that year, when the Slovenes finally dared to hold a plebiscite on independence, more than 80 percent of the voters declared themselves ready to risk the dangers of secession.

Those dangers were considerable. Belgrade was determined not to let anyone go and was prepared to hold the communist federation together at all costs, however bloody (as the Croats and Bosnians learned to their sorrow).

In June 1991, Yugoslav Army tanks and planes stormed in with the expectation that they would easily intimidate the Slovenes. The generals were dead wrong. Not only did the embattled Slovenes not yield, they fought back with such courage and celerity that it was the big national army that was humiliated. Tank crews were trapped in their own tanks



Ljubljana, Slovenia's charming capital city, is attracting a bustling tourist trade.

AN OPEN SOCIETY

in the blazing sun. More than 4,000 Yugoslav soldiers deserted in the first two days of the war.

After 10 days the invaders pulled back with some lame excuses, and a small new nation had won its independence. Slovenia kept the captured tanks.

In the long march of Slovenian history, the army they sent packing was just the latest alien force—this one calling itself Yugoslav but in reality Serbian. The officers were mostly Serbs. In 1989 the Yugoslav Army had even tried some young Slovenian journalists for espionage and treason in a military tribunal in Ljubljana—in Serbian. This “Mladina Affair,” named for the iconoclastic weekly accused of printing military secrets, stoked the flames of rebellion.

For centuries the Slovenes had been subjugated by foreigners who tried to force their languages on them. Even into this century, school instruction was in German; pupils were not allowed to learn Slovenian at school. The Slovenes clung stubbornly to their culture and language, and both survived. They became one of the rallying points that led to secession.

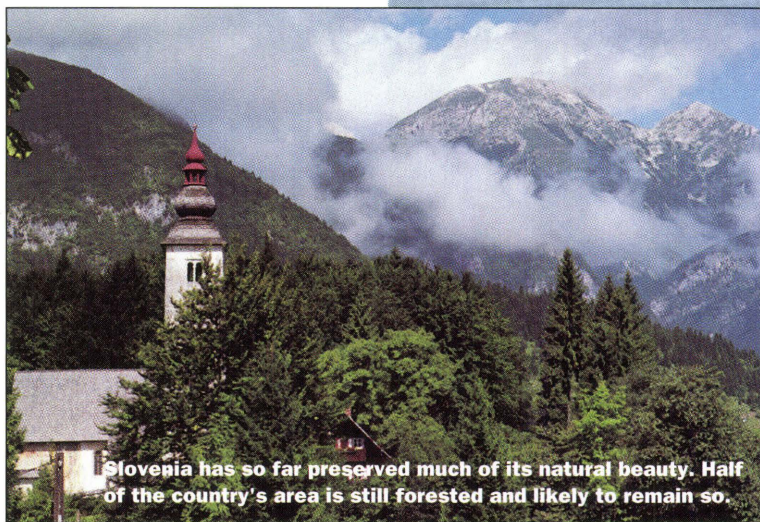
The Slovenes had been observing, and roundly condemning, Serbian attempts to destroy the culture of the 91 percent Albanian majority in the province of Kosovo. If this presaged the future of Yugoslavia, they wanted no part of it.

For most of this century the Slovenes have had great potential—frustrating because it was unrealized—and they knew it. Their problem was that they did not have much say over their economy or their form of government. And what they could say was all too often in somebody else’s language.

Slovenia was well on the way to becoming the most prosperous, Westernized, and democratic republic in Eastern Europe even when it had to pay lip service and financial tribute to Yugoslav communism. In fact, its very prosperity kept resentments burning simply because it had to share so much of it. A press that was remarkably outspoken for a communist state kept its readers informed and agitated.

With only 8 percent of the population, little Slovenia brought in 25 to 30 percent of Yugoslavia’s foreign exchange. The money went to Belgrade to finance the sinister Milosevic regime and build up the very army that was to invade Slovenia. The wry and popular term for the transfer of wealth was “floating money down the Sava”—the river that rises in Slovenia’s Alps and ends up at its confluence with the Danube in Belgrade.

Today the parties in Slovenia’s coalition government are near enough to consensus on economic policy that foreign investors feel increasingly confident about signing on with Slovenia’s future. Political stability is largely the result of leadership that grew up despising an ordinary citizen’s lack of influence in national affairs; now that former dissidents are leading the country (not “in power,” they are careful to say) the electorate



Slovenia has so far preserved much of its natural beauty. Half of the country’s area is still forested and likely to remain so.

is consulted to an amazing degree on every potentially controversial action.

Foreign tourists have been sufficiently reassured by Slovenia’s progress and security that they have begun to return to a destination that was largely abandoned after the Serbian invasions of Croatia and Bosnia and Herzegovina. Prices are still low by West European standards. The tourist infrastructure is outstanding.

Despite owing its economic strength to a varied and vibrant industrial base, Slovenia has preserved its magnificent natural heritage. Half of the country’s area is forested, and likely to remain so. Triglav National Park is a green and lofty wonderland with rushing rivers and clear mountain lakes. Between breakfast and lunch one can easily drive from a lodge in the snow-covered Julian Alps to a balmy resort on the Adriatic Sea.

The Slovenes are dedicated to the ideal of developing their natural resources just enough—a sensible moderation that appears to be a national trait. ☐

Kenneth C. Danforth, based in Washington, DC, has traveled in and written extensively about Central Europe.

Traveler’s Guide. Located at a crossroads of ancient cultures, Ljubljana has always been accessible to travelers. Today the capital of Slovenia can easily be reached by land, sea, and air.

Adria Airways, Slovenia’s excellent national carrier, offers regularly scheduled flights between Ljubljana and Frankfurt, Munich, Paris, Zurich, Rome, Moscow, Vienna, Copenhagen, and other major European cities.

Other airlines with regular service to Ljubljana are Swissair from Zurich and Austrian Airlines from Vienna.

In December, air travel between Slovenia and the rest of the world was greatly enhanced by the signing of a long-term agreement between Adria and Lufthansa. Adria passengers can now make easy connections with Lufthansa’s global network of 223 destinations in 86 countries. The two airlines offer code-share flights twice a day between Ljubljana and Frankfurt, once a day between Ljubljana and Munich.

For travelers who want to arrive and depart in a more romantic fashion, the *Prince of Venice* catamaran skims the Adriatic Sea on regularly scheduled trips between Venice and Potoroz. The voyage, available from April 14 to October 15, takes only two-and-a-half hours. A bar and duty-free shopping are available on board.

Yachtsmen have a choice of three modern marinas in Potoroz.

By rail, the EuroCity Mimara train offers speedy transit between Munich and

Zagreb, with stops in Ljubljana in each direction. As most of the journey is across Austria, passengers are treated to spectacular Alpine views. Direct trains also connect Ljubljana with Vienna, Venice, and Milan.

Most highway travelers who drive from Western Europe come either via Italy’s Autostrada or Austria’s Autobahn. Tunnels from Austria allow drivers to skip the mountain passes if they wish. Long stretches of divided superhighway in Slovenia speed passage between major destinations.

—Kenneth C. Danforth

Inside EUROPE

MAY 1996

VOLUME IV/NUMBER 5

EU NEWS

EUROPE PLANS ITS FUTURE

In Turin, the intergovernmental conference on the future of the European Union in the 21st century got off to a spectacular start on March 29—but not in the way the leaders of the 15-nation EU intended.

The ceremonial launch of the IGC in this prosperous northern Italian industrial city dominated the front pages of the newspapers and led the television news across Europe and the world.

The reason: not the mind-numbing complexities of constitutional change in the EU, but the crisis over Britain's "mad cow" disease.

The almost surreal interloper did, however, have a positive impact. First, it gave European leaders the opportunity to show solidarity with Britain, for long the most carping critic of the EU. Second, it drew the attention of a largely ignorant and apathetic European public to the IGC—a week before, polls showed less than 15 percent of Europeans knew of its existence and 40 percent of those thought it was a peace conference.

Yet this IGC will have an impact on Europe long after the mad cow scare has faded from memory. Indeed, it will probably prove in the end to be as important as two earlier IGCs that were also launched in Italian cities: the Milan conference in 1985, which led to the establishment of the single market, and the twin IGCs in Rome in 1990, which led to the Maastricht Treaty on political union and, more important, economic and monetary union scheduled for 1999 with the establishment of a single currency, the euro.

The major aim of the IGC will be to prepare the EU to accept the former communist nations of Central and Eastern Europe into its ranks by the turn of the century. The EU has yet to come to terms with the quicksand collapse of Soviet-controlled Eastern Europe in 1989: It is still working with rules that

were largely drawn up when the (then) European Community was established in 1958. By 2005 its membership will likely reach at least 20, and perhaps nearly 30 by 2015.

It's no easy task as the EU faces other challenges, such as fine-tuning the single market; preparing for new world trade talks; launching the single currency; negotiating membership terms with Cyprus, Malta, and a clutch of East European nations; and starting the process of enlarging NATO.

This work is already underway as "backroom" officials meet nearly every week in Brussels to forge a compromise from the array of often conflicting ideas put forward by the 15 member states. The EU's foreign ministers will take stock at their regular meetings in Brussels or Luxembourg, and EU leaders will be updated at their six-monthly summits. If all goes according to plan, the final trade-offs will be made at a summit in Amsterdam in June 1997.

The IGC will be shaped by two key players: German Chancellor Helmut Kohl, buoyed by unexpected gains in elections in three Länder (states) on March 24, and French President Jacques Chirac, into the second year of a seven-year term of office. The other important participant is British Prime Minister John Major, who is prepared to wield his veto to squash moves toward further European integration.

Most pundits are predicting minimal changes from "Maastricht Two," and even those would only emerge in the final two or three months of horse trading if the UK's ruling Conservative Party loses the next general election, which must be held by May 1997. A Labor government under Tony Blair might be more open to change, many of the UK's partners hope.

For all the hype in EU capitals in the run up to the Turin summit, the IGC in the end is mainly

EU NEWS (CONTINUED)

about streamlining decision making in the EU so that it can still function effectively with 25 or 27 members.

This will involve big compromises as every member state will have to give up something to make way for the newcomers from the East.

The importance of Eastern enlargement was underlined by European Commission President Jacques Santer, who visited the Czech Republic and Hungary a few days after the Turin summit to applaud their preparation for EU membership.

The East Europeans are doing all the right things: the Czech Republic and Hungary became members of the OECD this year, and other countries in the region are busily completing the transformation to a market economy. There seems to be little doubt that at least three nations, Hungary, the Czech Republic, and Poland, will most likely be fully paid up members of the EU by the year 2000. The EU has promised to start membership negotiations six months after the IGC is completed.

To make sure they will be members of an effective group, the IGC negotiators in Brussels must tackle the decision making changes head-on. Unless there is a major change of heart by the big players, the likely outcome is an extension of qualified majority voting from single market issues to areas like social and environmental matters and more voting power for the big countries and less power for the Commission. The European Parliament will probably get more influence in the future.

While the start of the IGC was overshadowed by mad

cow disease, its end will probably be newsworthy because of another momentous event: the publication in Germany and France of economic statistics that will determine whether they will meet the economic requirements to participate in monetary union. If they don't make it, the EU could be thrown into a fresh crisis.

—Bruce Barnard

EURO GETS A BOOST

European monetary union got another boost after European Union finance ministers and central bankers agreed to set up a new exchange rate mechanism (ERM) to link the planned single currency, the euro, to currencies of countries that don't join.

The ministers also agreed, at a meeting held in mid-April in Verona, Italy, that the future European Central Bank, which will police monetary union, will be empowered to demand alignments of currencies in the new ERM rather than waiting for countries to ask for a devaluation.

The old ERM, which limited fluctuations between most currencies to 2.25 percent, broke down in the summer of 1992 casting a shadow over plans for monetary union. It was already weakened by the withdrawal of the British pound and the Italian lira.

The decisions in Verona were seen as significant as they will meet German demands for a watertight monetary union to ensure that the euro will be as strong as the D-mark, which two-thirds of Germans are still unwilling to give up.

WHAT THEY SAID

"The bonds linking the Greek economy to the international economic system are unbreakable...Greece is and will remain a guarantor of peace, stability, friendship, and cooperation."

—Costas Simitis, prime minister of Greece, discussing Greece's domestic, economic, and foreign affairs while in Washington, DC.

"It was a great victory for the Olive Tree, but we will govern for all Italy."

—Romano Prodi, Italian prime ministerial candidate, on the recent success of his Olive Tree coalition in Italy's elections.

"I just hope he's sitting next to the future President of the United States."

—President Clinton seated at press conference next to Labor Party leader Tony Blair, when asked if he were sitting next to the future British prime minister.

"We need more flexibility in the market but we can't have a US-style market for Germany with this hire-and-fire mentality."

—Günter Rexrodt, German economics minister, discussing Europe's unemployment dilemma.

"Widening of the European Union remains the most important EU issue to be discussed."

—John Major, British prime minister, discussing the EU's future development.

"The essential thing...is to give Europe a more human face, closer to the citizen."

—Jacques Santer, European Commission president, discussing the challenges the EU faces.

"There must be a revitalization of European-US and German-US relations, particularly in business relations."

—Klaus Kinkel, German foreign minister.

Italy provided another boost for monetary union with the election victory last month of center-left parties committed to returning the lira to the ERM.

TRANSATLANTIC DECLARATION MEETING

Susanna Agnelli, foreign minister of Italy and EU Council president, and European Commission Vice President Sir Leon Brittan met with Secretary of State Warren Christopher in April as part of the Transatlantic Declaration. Issues discussed were the New Transatlantic Agenda agreed upon in Madrid last December, the Middle East peace process, the situation in former Yugoslavia, as well as the highlights of the intergovernmental conference that began in Turin on March 29.

DONATIONS TO BOSNIA

Fifty countries pledged \$1.23 billion in donations to Bosnia in a conference co-hosted by the World Bank and the European Union on April 13. The money should help to rebuild the country's infrastructure, such as utilities, roads, and farms. The rebuilding of Bosnia's economy should be an incentive to rival Serbs, Muslims, and Croats to sustain the region's long-term peace. The United States promised another \$219 million to go along with the \$62.7 million pledged at the first donor's conference. But the Bosnian Serbs refused to cooperate with the 50 countries and did not send any representatives to the conference.

NUCLEAR SAFETY MEETING IN MOSCOW

Leaders of the Group of Seven (G7), the United States, Japan, Canada, France, Germany, Italy, the UK, and the EU, met last month in Moscow to discuss nuclear safety in the former Soviet Union and Eastern Europe. The seven nations, along with other countries, have spent more than \$1 billion in loans and grants to improve nuclear safety in the region. The EU alone has spent more than \$500 million in order to improve nuclear safety in the civilian area. The G7 began coordinating nuclear safety assistance to the former Soviet Union and Eastern Europe in 1992.

There was a declaration by the leaders to negotiate a total ban on nuclear tests by September. The G7 leaders also agreed to have better coordination policies in the future in order to prevent nuclear smuggling.

The Moscow summit confirmed plans to close down Chernobyl by the year 2000 in exchange for \$3 billion in aid from G7 nations.

The **European Bank for Reconstruction and Development** (EBRD) is doubling its capital base to \$26 billion, but its 60 government shareholders said this must be the last call for new funds.

The bank also bowed to a request by some governments, including the US, the UK, and Canada, for the "graduation" of Central and East European countries that would no longer require its help. The Czech Republic and Hungary, which joined the OECD this year, and Poland, are likely to be the first countries to graduate.

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Airbus finally ended **Boeing's** stranglehold of the lucrative Chinese market with a \$1.5 billion order for 30 A320 short haul passenger jets that also compensated for the recent loss to its US rivals of multi-billion dollar contracts with Singapore and Malaysian carriers.

Ten of the 150-seater A320s will be built for **China Southern Airlines**, one of China's biggest carriers, which has never before bought Airbus aircraft.

The Airbus consortium, which groups **Aerospatiale** of France, **British Aerospace**, **Casa** of Spain, and **Deutsche Aerospace** of Germany, has a long way to catch up with Boeing and **McDonnell Douglas**, which together account for around 300 of China's 400 passenger jets. Currently, there are only 28 Chinese-owned Airbus planes.

But the A320 order has put Airbus in a good position to exploit the Chinese market, which is expected to be worth \$100 billion over the next 20 years, making it the third largest in the world after the US and Japan.

•••

Ahold is taking over **Stop & Shop**, the biggest supermarket operator in New England, in a \$2.9 billion deal that will make the Dutch firm the fifth biggest supermarket chain in the US.

Ahold, which has acquired five supermarket chains in the US since 1977, is currently the seventh biggest food retailer in the country.

Ahold has also moved into the Czech Republic, Portugal, and Poland and is now eyeing expansion in Asia.

•••

Deutsche Bank, Germany's biggest bank, will spend \$467 million this year hiring staff and installing computerized trading equipment as part of its drive to create a European investment bank to rival the Wall Street houses.

The bank spent \$271 million on expansion in 1995. It acquired **Morgan Grenfell**, the London investment bank, for \$1.4 billion in 1989.

Deutsche Morgan Grenfell is building trading floors in New York, Frankfurt, and Singapore modeled on a \$35 million floor opened in London in March.

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BASF, the German chemical giant, accelerated its expansion in Asia, unveiling plans to build a \$4 billion

BUSINESS BRIEFS (CONTINUED)

petrochemical plant in China and a \$750 million joint venture with **Du Pont** of the US to manufacture nylon raw materials in the country.

The petrochemical complex at Nanjing, in eastern China, will be built in a joint venture with **Sinopec**, a Chinese state-owned chemical company and is due to be completed in 2002. The biggest foreign investment in China's chemical industry, it will help BASF to double its annual sales in the country to \$1 billion.

The joint venture with Du Pont will manufacture 8 percent of the world's output of nylon materials.

BASF is spending more than \$5 billion on new chemical capacity in Asia over the next five years.

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Volvo, the Swedish auto group, says its \$500 million US investment program is safe despite a sharp fall in truck sales in North America. It's also stepping up spending in Asia and Latin America.

Truck sales in the US dived by 36 percent in the first quarter of the year, but Karl-Erling Trogen, president of Volvo's truck unit, said the company will develop new products and restructure its plant in North Carolina.

Volvo is also spending \$150 million in Brazil, \$80 million in India, and plans to build 12,000 trucks a year in China with a local company.

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Union Bank of Switzerland (UBS) made overtures to **Swiss Bank Corporation** just days after the collapse of its merger talks with **CS Holdings**, parent of **Credit Suisse**.

The UBS/CH merger bid, which would have created the world's second largest bank after **Tokyo Mitsubishi Bank**, was nipped in the bud after labor unions warned of 20,000 job losses, an unacceptable price in a country where unemployment has scaled a post-war high of 4.6 percent.

Analysts predict there will be some type of merger between the

big three banks over the next 12 months. And the long-term outlook is grim for Switzerland's famed banking sector: half of the 120,000 people working in banks are likely to lose their jobs over the next decade, according to a survey by accountants **Coopers & Lybrand**.

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Southern Company, a utility based in Atlanta, Georgia, made overtures to **National Power**, the UK's largest privatized electricity generating company, in the latest shake-up of the country's power business.

Southern's move came as National Power was preparing a \$3.3 billion agreed takeover bid for Southern Electric, another British regional electricity supplier. Its main rival, **PowerGen**, is taking over another local utility, **Midland Electricity**, for \$2.9 billion.

This frenzied takeover activity contrasts sharply with the rest of Europe, apart from Scandinavia, where electricity supply is controlled by state-owned monopolies.

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Two leading European defense firms, France's **Thomson-CSF** and the UK's **GEC-Marconi**, are pooling their sonar operations, creating the industry's biggest company with annual revenues of around \$550 million. The Dutch-registered firm, **Thomson Marconi Sonar NV**, will provide sonar systems for surface ships, submarines, aircraft, and minesweepers.

The British and French governments asked the European Commission not to vet the merger, which mirrors similar post-cold war restructuring in the US defense industry, because of the sensitive military aspects of the deal.

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Iberia, Spain's state-owned national airline, is headed for a profit this year after losing \$362 million in 1995, thanks partly to a controversial \$700 million capital increase approved by the European Commission.

The long-awaited turnaround is a boost for its long suffering parent, **Teneo**, the state holding company. The airline was the only division in Teneo's wide-ranging portfolio, which also includes aerospace and energy operations, to fall into the red last year.

Teneo more than doubled its net earnings from \$241 million to \$571 million in 1995 and has forecast a further increase this year. But its future is clouded following the election of a center-right government committed to privatization of state-owned assets.

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The pitfalls of investing in the less developed regions of Eastern Europe were highlighted by the decision of **Rover Group**, the British car firm, to shut an assembly plant in the Black Sea port of Varna less than a year after it opened.

Rover Group, which is owned by Germany's **BMW**, said only a quarter of the 2,000 cars produced, have been sold. The factory, a joint venture between Rover and **Daru Car**, a local importer, had planned to sell 10,000 of the 13 year old Maestro model, but the Bulgarian market crashed from 20,000 sales in 1993 to 11,000 last year.

Rover also blamed higher tariffs and quotas and broken government pledges for its decision.

—Bruce Barnard

INSIDE EUROPE

Correspondent
Bruce Barnard

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

Inside Europe is published by the Delegation of the European Commission, 2300 M Street, N.W., Washington, DC 20037.

The contents of this newsletter do not necessarily reflect the views of the European Union institutions or the member states.

OLIVE TREE ALLIANCE TO GOVERN ITALY

BY STEPHEN JEWKES

Italy's center-left *Ulivo* (Italian for "olive tree") alliance scored an historic triumph at last month's general elections when it swept to victory in both houses of Parliament, humiliating Silvio Berlusconi's Freedom Alliance in the bargain. The victory, which ended four months of political stalemate, was doubly sweet for the PDS, the formerly communist Democratic Party of the Left which after 50 years in opposition finally earned its first taste of power and a share in the government.

Ulivo leader Romano Prodi, the free-market economist who first launched the alliance a year ago to hasten two party politics, was jubilant at the result. Speaking to supporters in his hometown of Bologna, Mr. Prodi said his alliance "had the numbers to rule the country and guarantee five years of stable government." The Ulivo—a motley alliance patching together more than 10 parties—including the PDS, the rump ex-Christian Democratic Popular Party, and Lamberto Dini's Italian Renewal Party—netted 157 out of 315 seats in the Senate and 284 out of 630 in the Chamber of Deputies.

The 56 year old Prodi, a former Christian Democrat who is set to become Italy's fifty-fifth post-war prime minister, put his triumph down to a serious campaign fought on real issues. Unlike his opposite number Berlusconi, who conducted a television-led campaign based on slogans and slurs, the Ulivo, Mr. Prodi claims, came up with concrete proposals to concrete problems. Mr. Prodi likes to compare his alliance and its free market policies of deficit reduction, competition, and a light state to Tony Blair's Labor Party in the United Kingdom.

Yet doubts have already been expressed about the stabil-

ity and viability of a center-left government that depends on hard-line *Rifondazione comunista* votes in the lower house. The two groups, who agreed to an electoral pact to keep the right out of power, are poles apart on economic and fiscal policies. Fausto Bertinotti, Rifondazione's highly articulate party secretary, has reiterated demands for wage indexation, increased pensions, reduced working hours, and a stop to privatization—all policies anathema to Ulivo's liberal program.

Many commentators believe Mr. Prodi will have to turn to the federalist Northern League as an alternative ally to buoy support on key financial legislation. (Already in May the government will have to find \$6.1 billion to plug a deficit gap.) The Northern League, which captured 86 seats in Italy's third national election in four years, fared much better than polls predicted and could be tempted by some of Ulivo's more devolutionist pledges. In post-election speeches, center-left leaders were careful to leave the door open to a possible alliance with the northern secessionists, especially PDS leader Massimo D'Alema.

With 21 percent of the national vote the PDS emerged as Italy's largest party and the dominating force in the Ulivo coalition. Election results vindicated the ongoing reformist line of Mr. D'Alema, who since 1994 has sought to lead his party out of the shadow of communism toward center ground and respectability. In a post-election press conference Mr. D'Alema said it was time to get rid of the hammer and sickle from the oak tree stem and consolidate the party's new social democratic pro-business and pro-Europe identity.

News of the center-left's victory was received euphorically on the financial markets with the lira soaring to a 16 month high against the German D-mark. Investors, fearing a hung Parliament, were cheered by the clear result and responded positively to Ulivo's pro-market economic policies, which are trade union backed and include tight fiscal measures to steer Italy closer to Europe and a single currency. Analysts were also relieved Mr. Berlusconi failed to win office because of his upcoming trial on corruption charges.

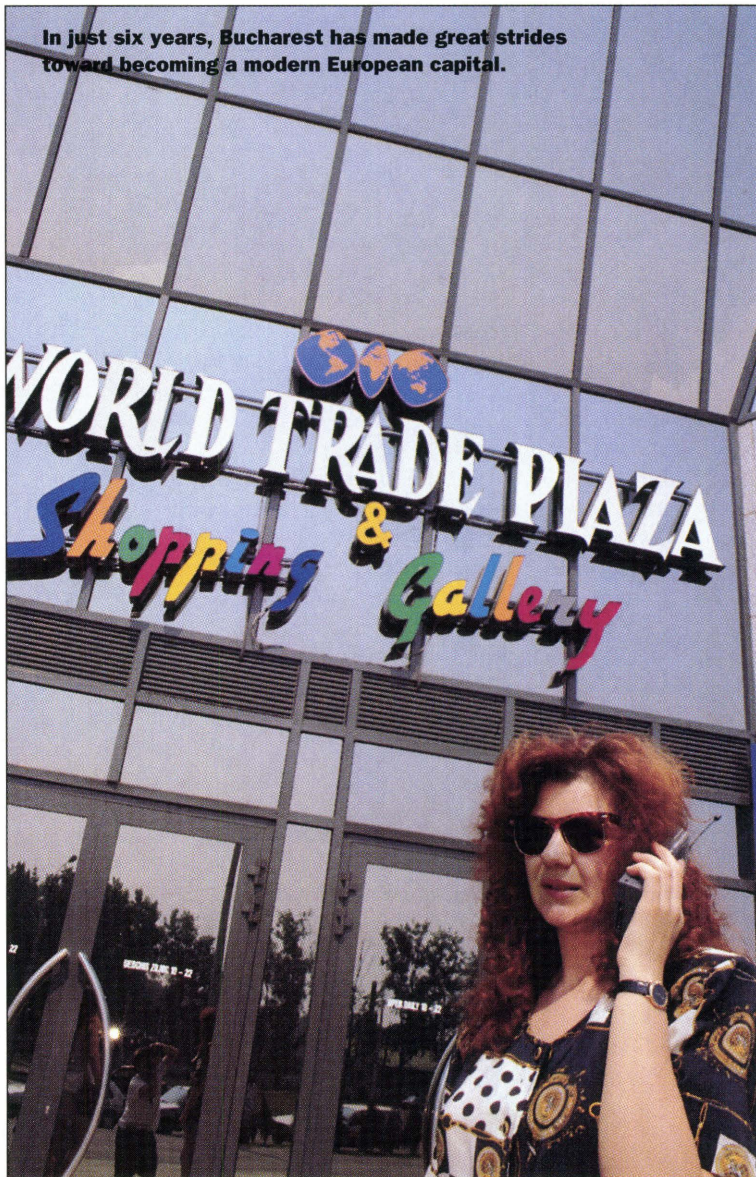
In a carefully staged television interview, Mr. Berlusconi announced he would be staying on as leader of the Freedom Alliance to lead an opposition that was "vigilant, firm, and constructive." Surprisingly, the media magnate's Forza Italia movement hung on to its 1994 share of the vote, running out as Italy's second largest party ahead of its coalition partner, the far-right National Alliance. Commentators agreed the center-right's defeat was mainly due to its inability to make up for the Northern League's defection, which toppled Mr. Berlusconi's administration in late 1994.

With Parliament due to meet in early May, Italy's thirteenth legislature since World War II, Mr. Prodi has pledged to move swiftly on the formation of a new government. Immediate priority has been awarded to job creation, education, and federalism, though privatization and television regulation are also high on the agenda. While no one doubts Mr. Prodi's good intentions it remains to be seen whether he will be able to push through tough reform programs or whether he will have to horse trade to win support. ☺

Stephen Jewkes, a journalist based in Bologna, Italy, profiled Romano Prodi for EUROPE in the November issue.

ROMANIA

In just six years, Bucharest has made great strides toward becoming a modern European capital.



Romania is the Rodney Dangerfield of transition economies. Try as it may it has been unable to ascend from the second tier to gain the respect currently reserved for the fastest reformers—Poland, the Czech Republic, and Hungary.

Objectively, Romania is doing well—far better than any but the boldest would have dared predict at the beginning of the decade. Last year growth accelerated to 5 percent while inflation fell by half to less than 30 percent. The International Monetary Fund, convinced that the country is on the right track, has endorsed the government's economic policies and extended new loans. Aware that with 25 million people Romania is Eastern Europe's second biggest market, the big multinationals are giving the country a second look. President Ion Iliescu is actively courting foreign investment with the message that with the wars in the former Yugoslavia over, "Romania's time has finally come." With parliamentary and presidential elections due later this year, Romania starts 1996 with political stability and rising business confidence.

But probe deeper and there are sensible explanations why this big southeastern European nation has attracted only \$1.5 billion in foreign investment. That is small potatoes compared to the more than \$8 billion that has gone into neighboring Hungary, a smaller economy. Six years after the revolution that toppled the Ceausescu dictatorship, Romania like its capital, Bucharest, remains deeply scarred from the more than 20 years of brutality and deceit which preceeded it. Of all the Eastern European revolutions this was the bloodiest. That and the fact that Mr. Iliescu, a French-style executive president, was once thought to be the designated successor to the dictator haunts Romania, depriving it of the legitimacy it so desperately craves.

Return to Bucharest after a four year absence and

EASTERN EUROPE'S SECOND-BIGGEST MARKET IS OFTEN OVERLOOKED BY BARRY D. WOOD

you are pleasantly surprised. Well-stocked shops and fashionable boutiques stretch side by side along the once drab main shopping street. New Dutch and French buses glide down city steets. The huge McDonalds on the Bulevardul Bratianu does a land-office business. The Pizza Hut is filled with young people including adventurous backpackers from the West. There is an explosion of color and advertising. Progress and prosperity for many is palpable.

In that part of the old city that mercifully escaped the dictator's wrecking ball, the once grand Athenaeum Palace Hotel is being painstakingly refurbished prior to reopening as the Bucharest Hilton next year. Nearby—the architectural jewel of the Balkans, the tiny Romanian Athenaeum—the mid-19th century concert hall—is similarly under reconstruction.

Less fortunate is a vast southern quadrant of the city which bore the full fury of the dictator's Hitlerian dream

to build a new Bucharest. Like Warsaw with its dreaded Stalinesque Palace of Culture, Bucharest's skyline will forever be disfigured by the unfinished, scandalously oversized House of the People. A white granite block, it rises from a great open space where hundreds of buildings once stood. This tall monstrosity anchors a monumental arterial boulevard that cuts a wide swath more than a mile long and is lined with nomenklatura housing blocks. Forty thousand people were moved to make way for the construction.

Wanting badly to join NATO and the European Union, Romania sees 1996 as a crucial year. Not only will elections be held, but an exceedingly important privatization is underway. Prodded by the World Bank and the IMF, Romania is in the midst of the largest sell-off of state assets yet seen in Eastern Europe. Four thousand state enterprises are to be

THERE IS AN EXPLOSION OF COLOR AND ADVERTISING. PROGRESS AND PROSPERITY FOR MANY IS PALPABLE.

President Ion Iliescu is actively courting foreign investment, but many Romanians are troubled by his former association with the Ceausescu regime.



privatized through a complicated voucher system. Nearly 17 million citizens are being offered for free 60 percent of each enterprise's shares. Launched last September and due to be completed by the end of the year, the privatization has not attracted much enthusiasm. Critics worry that with a history of financial scandal something could go wrong, discrediting the program—and by implication the government that put it in place.

The Bucharest financial community is taking a wait-and-see attitude while still complaining that it was wrong to exclude financial intermediaries from the program. Patricia Petersen, a partner at a US law firm in Bucharest, is skeptical about the privatization, saying many of the companies are losing money and are near insolvency. She believes the government is "very cleverly transferring the burden of these insolvent state companies onto the employees." The most encouraging sign in the Romanian economy, she says, is not the privatization but the number of entrepreneurs who have managed to succeed.

Can Romania break through and join the ranks of the top reformers? Maybe, but probably not. Otto Storf, a top economist at Deutsche Bank Research, says "Romania's problem is that the bankers don't care. It has no debt, and it is too far away. It has a long, long way to go to even catch up with Croatia or Slovenia."

Nonetheless, Storf gives the Romanians high marks on economic policy and calls the progress on inflation a remarkable achievement.

Striving for normality by exorcising its communist demons, a parliamentary committee in Romania is conducting an inquiry into the events of December 1989. Confirming the darkest suspicions, experts have testified that the former dictator in fact raided the treasury and stashed more than \$1 billion which has not yet been recovered. Cynics in Bucharest say the money never will be recovered and that much of it has been used by former officials in the now disbanded Securitate secret police to start up now flourishing local businesses. ☺

Barry D. Wood, based in Prague, is a contributing editor for EUROPE.

MAD COW SCARE!

WILL BEEFEATERS GO BEEFLESS?

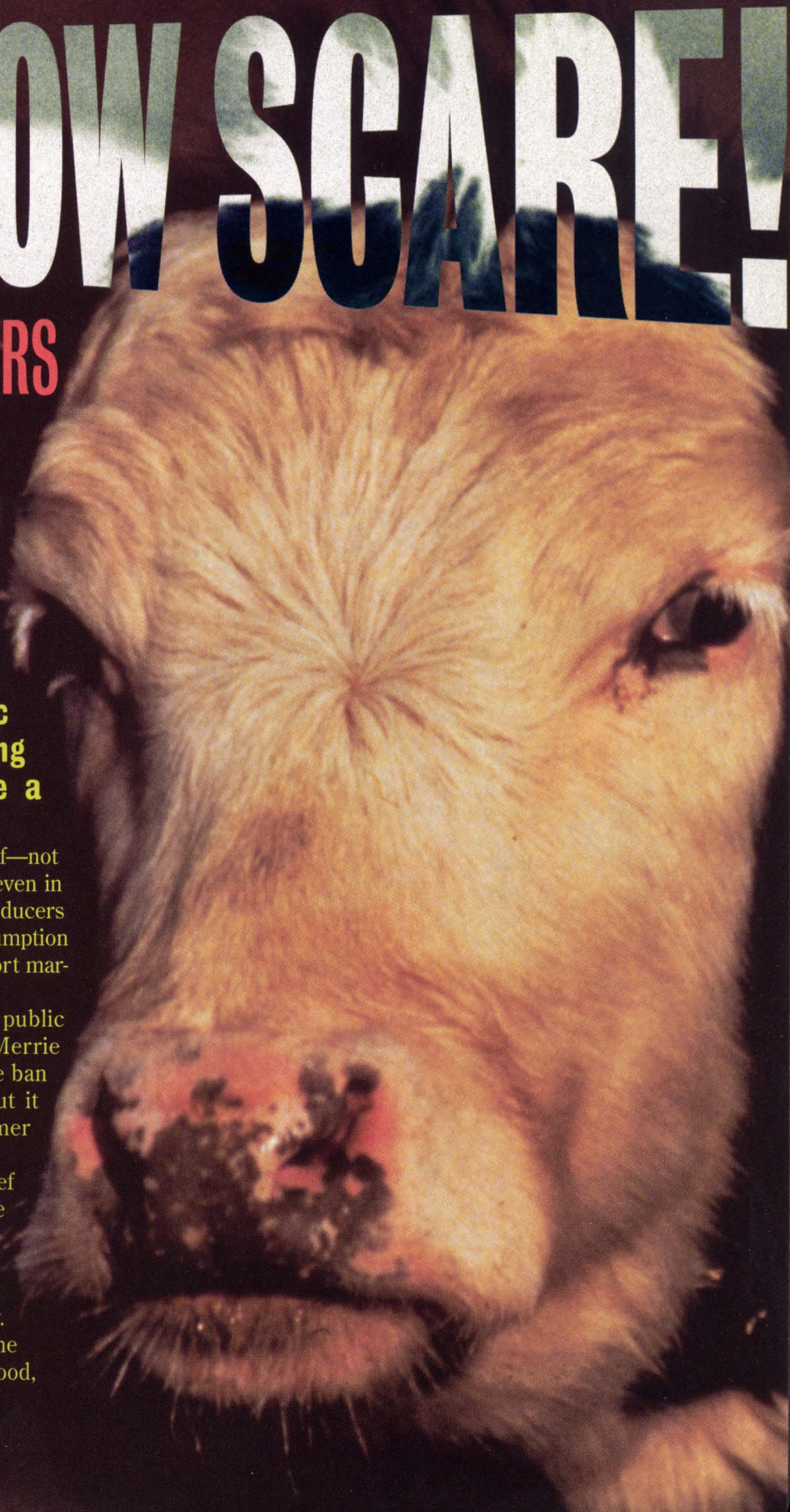
BY DAVID LENNON

“Four million cows to die” screamed the headlines as “mad cow” hysteria hit the UK and triggered a global panic over fears that eating British beef could cause a fatal brain disease.

No one wants to eat British beef—not in Europe, not in the US, and not even in the UK. The other European producers were also affected as beef consumption plummeted 20–50 percent and export markets came under threat.

The battle is now on to restore public confidence in the roast beef of Merrie Old England. The EU’s worldwide ban on British beef may be lifted, but it will take years to restore consumer confidence.

Scientific analyses that said beef may transmit a killer disease shocked the nation and threatened the devastation of many farming communities and sizable sections of the meat-processing industry. Tens of thousands of families face the destruction not only of their livelihood, but of their whole way of life.



For centuries beef and Britain were synonymous. The guardians of the Tower of London are known as Beefeaters. The French sometimes refer to the English as *Les Rostbifs*, a comment on the way the English turn bright red when exposed to the southern sun. Now the identification, each with the other, has turned from a matter of pride to a national disaster.

The Conservative government has been weakened by its poor handling of the crisis. As the crisis erupted, the government failed to assure anyone that it is still safe to eat beef from the UK.

Mad cow disease, or bovine spongiform encephalopathy (BSE), is a degenerative disease that gradually destroys the brain. It's symptoms are not dissimilar to Alzheimer's disease, which sometimes afflicts humans.

BSE was first noticed here in the mid-1980s, when some cows began behaving strangely, losing their balance as muscles went into spasm, their movement becoming rigid and jerky. This apparently deranged behavior was quickly labeled "mad" by an uncomprehending public.

In 1988 scientists traced the cause to cattle feed containing waste from sheep that 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.

Because the disease has a lengthy incubation period, 10 to 40 years, it has taken a long time to confirm the suspicions first raised more than two decades ago by scientists disturbed by modern farming methods.

In March, Health Minister Stephen Dorrell confessed to Parliament that a scientific report had confirmed a probable link between infected cattle and Creutzfeldt-Jakob disease, the human form of BSE.

Agriculture Minister Douglas Hogg first hinted and then publicly announced that to eradicate the danger it might be necessary to slaughter as many as 4 to 5 million cattle out of the 11 million-strong national herd.

Appalled by the potential economic consequences for the \$7.5 billion a year industry, other ministers publicly accused him of scare mongering. The evidence was inconclusive, they said, and it was still perfectly safe to eat beef. Public confusion grew.

Fearful of a collapse in the European beef market, the EU imposed an immediate worldwide ban on the sale of British beef.

An embattled Prime Minister John Major, trying to reconcile the government's dual role as protector of public health and promoter of agribusiness, accused Europe of turning a problem into a crisis by its ban. He also chastised the British

public for "collective hysteria."

While the government vacillated and tried to play down the scale of the disaster, McDonalds and other restaurants announced that they were replacing British beef in their beef burgers. By acting decisively to counter plummeting sales, they won much public support. They, unlike the government, appeared to care about the health of their customers.

As the crisis grew, UK government policy continued to be erratic, on the one hand attacking Europe for the export bans and on the other asking for EU money to pay for the cull of 15,000 cattle a week for the next six years.

The public, already worried by the scientific reports of a health danger, was panicked into a stampede away from beef. Supermarkets offered beef at half price, and sales briefly perked up but quickly fell away again.

The reality is that more people die each week from heart attacks than the 50-60 who die in a year from CJ disease. But this is not a persuasive argument for parents fearful that by innocently feeding their children beef burgers they may be contributing to a deadly disease.

The immediate impact is a huge farm crisis with massive layoffs in the cattle and related industries. The future could be worse, a bleak picture of rural desolation, bankrupted meat processing plants, and haulage companies with trailer parks full of idle trucks.

There have been a few earlier scares; the most recent came just before Christmas. One of the country's leading brain surgeons, neuropathologist Sir Bernard Tomlinson, said

on television that he would no longer give his children beef burgers, sausages, or beef pies because of the risk of mad cow disease affecting humans.

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

Unfortunately for both of them the respite was short lived.

In reality, per capita beef consumption in the UK has been in decline for decades. It fell from a high of 55 pounds a year in the late 1930s to 35 pounds in 1994. The first BSE scare, in 1990, saw sales of beef fall 20 percent. The Christmas 1995 scare saw a further 5 percent drop in December alone.

Some scientists have long warned of the inherent dangers of intensive farming, especially turning herbivores into carnivores, or as we quoted in our Capitals report in the February issue of *EUROPE* on the growing problem: "Turning vegetarian animals into meat eaters was asking for trouble." ☹



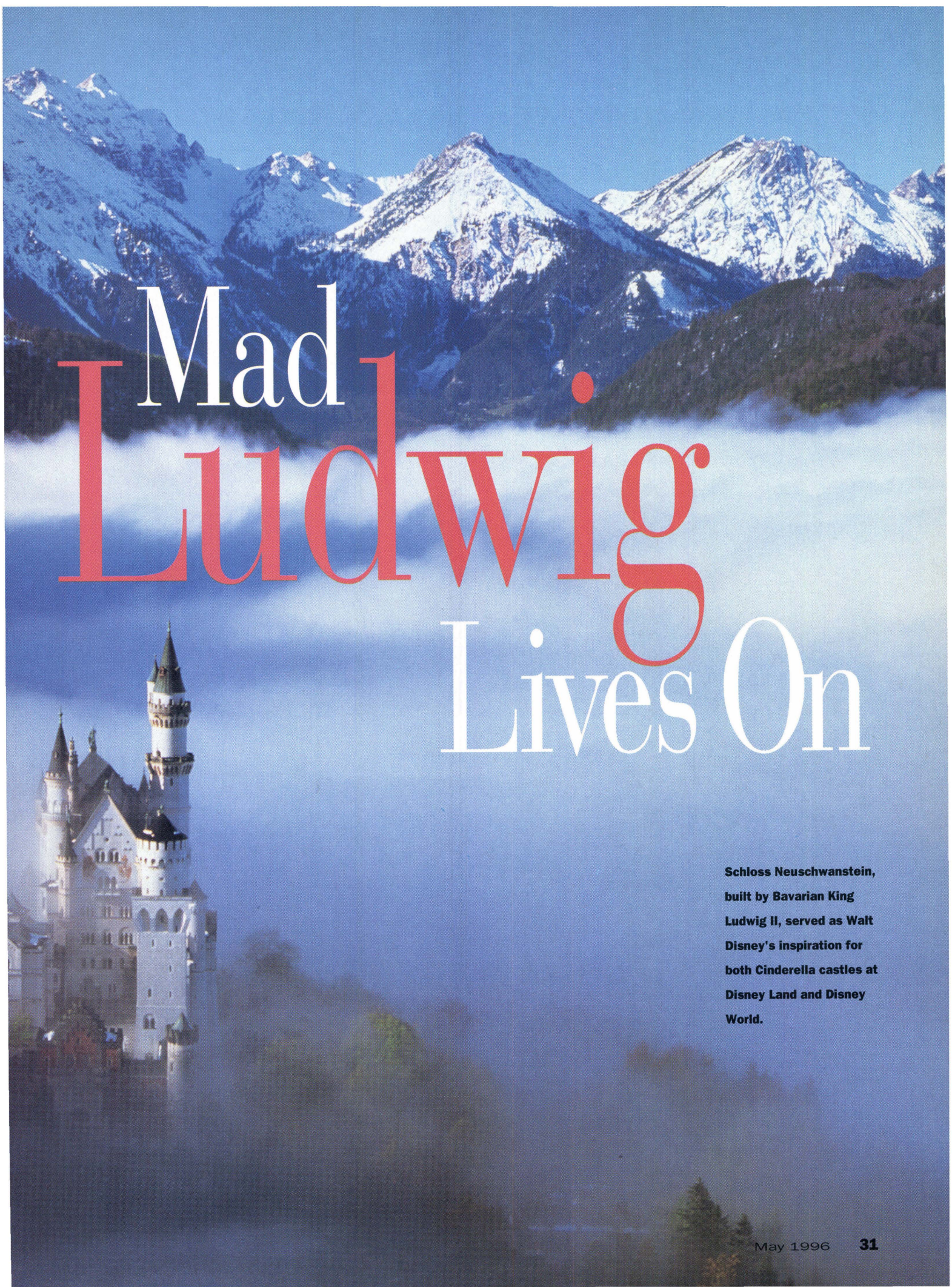
The \$7.5 billion a year British beef industry suffered a major disaster as consumers lost confidence in the safety of British beef.

David Lennon is EUROPE's London correspondent.

German King's Castles Are Top Tourist Attractions

BY CLAUDIA HELLMANN

OUT OF TOUCH WITH REALITY AND LOST IN HIS DREAMS—that's how King Ludwig II of Bavaria (1845–1886) is often remembered. Call him crazy or eccentric, either way his building spree gave Germany some of its most majestic castles. “Mad King Ludwig's” *Schlösser* (castles), some of Europe's most beautiful and famous, are all conveniently located within a few-hours drive from Munich. Tourists can easily visit them all by car, driving through Upper Bavaria, the region between Munich and the Alps. While the journey's highlights are Ludwig's magnificent palaces, the route also leads through a beautiful landscape with picturesque villages and breathtaking views from Alpine mountain tops.



Mad Ludwig Lives On

Schloss Neuschwanstein, built by Bavarian King Ludwig II, served as Walt Disney's inspiration for both Cinderella castles at Disney Land and Disney World.



Schloss Linderhof served as Ludwig's hunting lodge and came equipped with a subterranean lake, suitable for reenacting scenes from Wagnerian operas.

THE GRAND
FOUNTAIN IN FRONT
OF THE CASTLE WAS
DESIGNED SO THAT
ONCE AN HOUR IT
WOULD SHOOT A
STREAM OF WATER
HIGHER THAN THE
TOP OF THE THREE-
STORY CASTLE.

For practical as well as historic reasons, the trail following the life of the legendary king starts in Munich. On the northwestern rim of the city is Schloss Nymphenburg, the summer residence of the Bavarian electors and kings and the place where Ludwig was born in 1845. Leading straight toward Nymphenburg is a canal, almost a mile-long. Once used by courtiers to glide along in gondolas, it's now a popular winter spot for Munich's ice skaters. A grand baroque building, the castle is surrounded by an expansive park with lakes, fountains, statues, gardens, and three mini-castles. One of them, the Badenburger (bathing castle), features Europe's oldest heated indoor swimming pool.

Worth seeing is the porcelain museum. Since 1747 a variety of porcelain products, from dishes to tiny figurines, have been manufactured and painted by hand at a shop located next-door to the museum. In the south wing of the castle, visit the *Marstall* (royal stables) museum, which includes carriages and coaches of the Wittelsbach dynasty. The collection includes Ludwig's richly decorated wedding coach, which was never used because the monarch broke off his engagement to his cousin Sophie.

The fastest way from Munich to the Alps is on the Autobahn (A95) to Garmisch. You will get a much better feel for the country, however, if you take the B12 to Landsberg, a charming town with medieval cobblestone streets and a city wall. Then travel on the Romantic Street (B17) along the Lech River through gently rolling countryside to Füssen and Schwangau, two small towns at the foot of the Alps. Both are ideal starting points to visit the Hohenschwangau and Neuschwanstein castles. Schloss Hohenschwangau was built by King Maximilian II, Ludwig's father, in English Tudor style as a summer residence. Inside, the walls are covered with frescoes depicting legendary Germanic heroes, such as

Tristan, Siegfried, and Lohengrin, whose exploits were immortalized in Wagner's operas. Ludwig spent much of his youth in the gloomy atmosphere of that castle.

Ludwig's life reads much like that of a fairy tale. In 1864, the 18 year old prince ascended the Bavarian throne. Tall and handsome, he struck a majestic, yet melancholic, figure. The Bavarians loved their king, and they still celebrate his memory. However, young Ludwig seems to have been unable to deal with such adoration, and the misanthropic king

withdrew completely from Munich. He fled into the mountains to build his own castle exactly opposite his father's.

Situated dramatically on a rugged cliff, Schloss Neuschwanstein is the quintessential late 19th century image of a medieval castle, complete with battlements and numerous turrets. From Hohenschwangau, one can see the neighboring Neuschwanstein, which Ludwig built above coniferous forests near Alp Lake with a view of the Säuling mountain range just beyond. To get from the father's castle to the son's, one travels down one mountain only to climb the next one.

It does not come as a surprise that Neuschwanstein was not designed by an architect but built according to plans drawn by a theater scenery painter. It took 17 years to complete Neuschwanstein, although Ludwig only lived there for a mere four months.

The king dedicated his creation to composer Richard Wagner. Later, it would serve as Walt Disney's inspiration for his Cinderella's castle in both Disney Land and Disney World. Each year it attracts millions of tourists, who drive or hike up the trail that leads to the castle. It is a steep trek, but the stunning views more than reward the visitor.

The next stop, only a short drive



Fearing that Ludwig's insatiable appetite for building grandiose castles would bankrupt the government, his ministers had him declared insane and then deposed him.

Take a Hike. South of Munich and among the mountains is a hiker's paradise. Past farmlands, forests, and lakes, through lovely towns and villages into the Alpine region's dramatic peaks and valleys, you will find that there is more to explore than royal castles. To show you the best of it all, the state of Bavaria has created two marked *Fernwanderwege* (long distance hiking trails). Both ending in Füssen, the trails are about 60 miles long and offer scenic landscapes and historic landmarks along the way.

The König-Ludwig-Weg (65 miles) follows King Ludwig from Schloss Berg at Lake Starnberg over the old Andechs pilgrimage monastery. At neighboring Lake Ammer, the trail passes through the Ammer mountain region and makes a stop at the famous Wieskirche, one of Germany's finest rococo churches. It ends at the royal castles Hohenschwangau and Neuschwanstein. Another trail, the Lech-Höhenweg (55 miles) follows the shores of the Lech River and leads from the city of Landsberg to the royal castles at Füssen.

The tours will take the experienced hiker about two to three days. Beginners and those who want to take their time with more frequent stops should allow about a week. For maps and more information, including availability and rates (approximately \$400 for a one-week tour) for

those and other pre-arranged, luggage-free hiking and biking tours, contact the Arbeitsgemeinschaft Fernwanderwege im Voralpenland, Von-Kühlmann-Str. 15, Landsberg am Lech 86899. tel. (49) 81 91-4 71 77.

—Claudia Hellmann

away, is Schloss Linderhof, a charming neo-rococo castle, which was used as Ludwig's hunting lodge and his favorite retreat. The rooms are ornate and lush with gold and stucco moldings, but Linderhof and its grounds are best known for their examples of Ludwig's fascination with technology and his willingness to spare no expense.

The grand fountain in front of the castle was designed so that once an hour it would shoot a stream of water higher than the top of the three-story castle. Also, a *Tischlein-deck-dich* (magic table) was constructed to allow servants to set food on a

table and raise it through the kitchen ceiling to a dining room so that the king would not have to see anyone when he ate.

The Linderhof castle also displays Ludwig's fondness for fairy tales and his willingness to indulge in recreating his favorite fantasies. The Linderhof grounds include the *Maurisches Kiosk*, an Arabian pavilion decorated with intricate stained-glass windows. Ludwig bought it at the 1867 World Exhibition in Paris and is said to have enjoyed sitting in the pavilion, smoking a waterpipe, while costumed servants read him tales from *The Thousand and One Arabian Nights*. Perhaps the best example of the king's eccentricity, however, lies in his man-made Venus grotto. Ludwig was so enamored of Wagner's opera *Tannhäuser* that he ordered a massive cave dug under the Linderhof grounds and a subterranean lake installed. From time to time he would cruise through the grotto in a shell-shaped boat recreating a scene from the opera.

Ludwig's castle tour then leads you along the German Alpine

Road to the Chiemsee, Bavaria's largest lake. From Prien, take a ferry to Herrenchiemsee island. Here, in the middle of the lake, Ludwig wanted to construct his biggest and most ambitious project—a copy of the palace of Versailles. While Neuschwanstein paid homage to Wagner, Ludwig dedicated Schloss Herrenchiemsee to his other idol, King Louis XIV of France. The monumental castle with a magnificent hall of mirrors does in fact have a striking resemblance to Versailles. Ludwig actually spent only a few days in the castle. He had planned to add two side wings, but by then the treasury was empty, and construction came to a sudden halt. The king who had pumped more and more money into his castles threatened to dismiss his ministers unless they gave him the money necessary to continue building. Fearing ruin, the government had four psychiatrists declare Ludwig crazy then incapacitated and deposed him.

This event is marked on the King Ludwig castle tour by tiny Schloss Berg (not accessible to the public) at Lake Starnberg. The government ministers brought Ludwig here after the 1886 coup d'état. Only a few days later, on the evening of June 13, he and his personal physician were found drowned in the lake. Today, a simple cross rising out of the water marks the place where the king was found. Whether it was suicide (the official explanation), murder, or an accident, Ludwig's mysterious death

contributed to making him a legend. It was also the ultimate finale for the life of the king who is said to have declared, "An eternal enigma is what I want to be, to myself and others."

For more information call the tourist offices of Bavaria tel. (49) 89-829 21 80, Upper Bavaria tel. (49) 89-59 73 47, Munich (49) 89-239 12 56 or 57, or Schwangau (49) 83 62-81 98 0. ☎

Claudia Hellmann, a German journalist, writes for a magazine in Munich.

Very proud of their city and its landmarks, Leipzigers protested plans to convert three tracks in its famous train station into a "theme area." (At right) Many new buildings are being designed to blend into the surrounding architecture.

LEIPZIG

PROUD CITY
RENEWS ITSELF,
AGAIN

By Wanda Menke-Glückert

THE FAMOUS GERMAN POET Johann Wolfgang von Goethe called Leipzig a "small Paris." But more than 40 years of communism transformed it from a proud trading city into an industrial workhorse churning out chemicals, machine tools, and heavy metals. After unification and the introduction of the D-mark in 1990, Leipzig lost its East Bloc markets. The loss of the undemanding East European customers and the lack of customers in the West meant that 82,000 out of 110,000 factory jobs were lost.

But the city fathers are determined not only to recapture the past but also to prepare for the future. They are well aware that Leipzig's famous centuries-old book trade fair now held in Frankfurt is lost forever and that the city cannot rival western Germany's well established trade fair centers in Cologne, Hanover, and Munich. But the city fathers are thinking long term. When Eastern Europe's economy recovers and some of those countries join the EU, Leipzig could serve the growing and emerging markets of Central and Eastern Europe. Banks and insurance firms are investing heavily, buying up the best sites. In the heart of downtown, within an area less than one-fifth of a square mile, 16 banks have opened 27 branches. Last month a \$900 million exhibition center, the most modern fairground in Europe, was inaugurated. It is the biggest single project built on the northern outskirts of the city and fitted with the most modern technology—a great venture but also a great adventure.



Leipzig differs from other eastern German cities in that the tradition of patronage, which seems to have died out in most of Europe, still exists there. As in the Wilhelminian era, investors commission artwork for their buildings. Banks and companies compete with one another in restoring Leipzig's monuments or in adding new ones. At the Specks Hof, for instance, the investors—western German construction firm Bilfinger and Berger Bau AG—commissioned a number of artists to decorate the inner courtyards. With Specks Hof, Leipzig's collection of arcades has acquired a fascinating monument.

A planned \$330 million reconstruction of the city's massive railway station (635,000 square feet) has infuriated Leipzigers. According to the will of the German Railways and Otto mail order subsidiary ECE, the historic station is to be transformed into a "theme area with track connection." Some 30,000 Leipzigers signed a petition protesting the transformation of tracks 24, 25, and 26 into parking lots. It remains to be seen whether they will be as successful as they were on October 9, 1989 when tanks stood ready to crush their peaceful demonstration against the Communist regime. It was the Leipzigers' courageous street protests that led to the downfall of the German Democratic Republic. One wonders if they will return to the streets to save the historical railway station. ☹

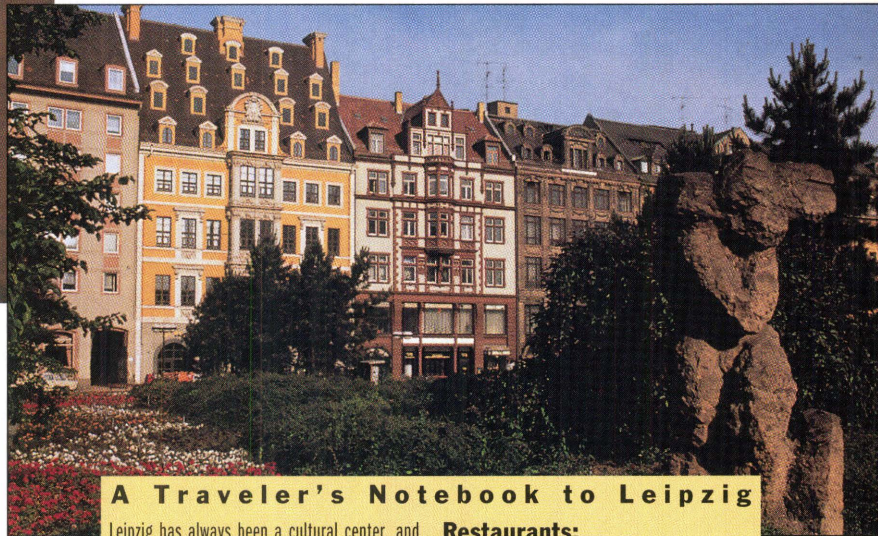
Wanda Menke-Glückert is EUROPE's Berlin correspondent.

Leipzig is determined to maintain the fair's tradition, which dates back to 1165.

Leipzig's inner city bustles with construction in various stages. Entire streets between the terminal station and the marketplace have been reconstructed. Wilhelminian and art nouveau facades have been meticulously restored. Huge gaps in city blocks created by World War II bombs have been filled with modern buildings designed to blend in with the turn-of-the-century exteriors of the neighborhood. Vaulted arcades, Leipzig's unique labyrinthine passages, galleries, and inner courtyards have been reopened or are being studiously restored.

Leipzig's most recently restored landmark is the Specks Hof—a sublime architectural example of a European business house. Specks Hof, built between 1909 and 1929, was designed by Leipzig architect Emil Franz Hänsel in capriccio style as an exhibition house with galleries that housed various kinds of shops. The grace and luxuriance of the structure is reminiscent of the Berlin Mosse-House by Erich Mendelsohn.

The Specks Hof barely survived World War II with only three out of nine vaulted arcades intact. The \$138 million restoration has turned the exhibition areas into office space, and the galleries are once again filled with expensive boutiques.



A Traveler's Notebook to Leipzig

Leipzig has always been a cultural center, and hotels, restaurants, cafes, and bars are reappearing almost as fast as the banks.

For tourist information, tel. 40-341 7104 260

For music lovers, concerts in the *Gewandhaus*, which dates back to 1743, are a must. Also concerts in the *Thomaskirche* with the famous Thomaner choir. Leipzig also has a very good opera house.

Hotels

Inter-Continental Leipzig, tel. 49 341 9880, fax 9881229.

Renaissance Hotel, tel. 49 341 12820, fax 9955108.

Maritim Hotel Astoria, tel. 49 341 12830, fax 1284747/48/49

Fürstenberg Hotel, a new luxury hotel to open early summer.

Restaurants:

Auerbachs Keller, a historical restaurant in the Mädlerspassage, tel. 2161040.

Stadtpfeiffer in the Gewandhaus, Augustusplatz B, tel. 9605186

Restaurant Gallerie in Maritim Hotel Astoria.

Restaurant Brühl in Inter-Continental Hotel.

Paulaner-Palais next to Thomas Church, Klostergasse 3-5, tel. 2113115

Zill's Tunnel, specialties from Saxony, Barfussgässchen 9, tel. 9602078

Café Piquet, Viennese-style reopened recently in a beautifully restored jugendstil house in the Schumacher-gässchen opposite Specks Hof, tel. 9610000.

CAPITALS

AN OVERVIEW OF
CURRENT AFFAIRS
IN EUROPE'S
CAPITALS

There are two ways of looking at Albania. It is at once Europe's poorest country; or its newest economy. It is also a rugged and beautiful land that was hermetically sealed off from the outside world for 50 years. Communism endured here until June 1991. Since then the 3.5 million Albanians have been running fast, making up for lost time.

Approach Tirana from the air and you know you're in for something different.

Only dirt tracks crossing the mountains are visible from the airplane window. Only when you see the paved road leading from the airport to the capital do you realize that in this tiny land the size of Maryland the tracks are often the only roads there are. The airport's single runway is a patched checkerboard of concrete and tar. A wild pony is shooed away by a soldier who stands guard beneath the wing of an arriving plane. Nearby antique IL-14s from the 1950s have their cockpit windows draped with tarpaulins. The palm-lined walkway to the squat terminal recalls images of Key West in the 1930s.

The prolific round concrete bunkers dot and disfigure the Albanian landscape. They come in various sizes and proceed in neat formations across fields. Resembling mushrooms, the small ones could accommodate two people, local minutemen quickly assembled to fight off the capitalist invaders, who presumably, would march across Albania single file so they could be picked off by heroic

Letter from Tirana

sharpshooters. Was this regarded as a legitimate defense system? Or was it a make-work program for the Albanian cement and construction industry?

Albania's tourist potential has not gone unnoticed by Austrian and Italian hoteliers. One of the largest foreign investments is the \$20 million construction

ing at a 9 percent annual rate for three years. Inflation in 1995 was 6 percent. The budget deficit has been brought under control and the performance targets of the IMF have been easily surpassed.

Privatization in agriculture is nearly complete, and food output is steadily rising. Vouchers are being used to get state enterprises into the hands of the people. Small business is booming. And Albania is one example where closely targeted aid is making a huge difference. All the



Since the Democratic Party of President Sali Berisha won a landslide victory in 1992, Albania's economic achievements have been remarkable.

key indicators of economic advancement are rising. Albania has received about \$2 billion in aid since 1991.

Of course in a land where the whirl of bicycle tires is as common during rush hour as the roar of engines, much more needs to be done. Almost every part of the economic infrastructure requires urgent attention. There are only 50,000 telephones in the country and most of them work badly. There is a severe shortage of electrical generating capacity. There are few roads, sewers, and clinics—the list goes on.

In the midst of this pell-mell rush toward

modernization Albania faces parliamentary elections on May 26. There is discontent with the Democrats, and many expect the former Communists—now the Socialists—to win. With their leader in jail for embezzling Italian aid money, the Socialists say they will continue the market reforms but do more to protect the poorest. In a land where people earn less than \$75 a month, that message is bound to resonate positively.

—Barry D. Wood

of the Rogner Europa Park Hotel in Tirana. Now completed, Rogner is turning its attention to a new beach resort in the south, just across from the island of Corfu, that is certain to attract adventurous travelers eager to explore Europe's last frontier.

Since the Democratic Party of President Sali Berisha won a landslide victory in the March 1992 elections, Albania's economic achievements have been remarkable. The economy has been grow-

HELSINKI

LINDFORS' FREEDOM OF SPEECH

Freedom of Speech, an art exhibition that opened at the Embassy of Finland on April 25, introduces Stefan Lindfors to Washingtonians. Stefan Lindfors—interior architect, industrial designer, sculptor, graphic artist, teacher, and performance artist—is a young, multitalented Finn. Presently he chairs the design and illustration department at the Kansas City Art Institute.

Stefan Lindfors has won several international awards, including the SIO Interior Design Award in 1993, the Georg Jensen Prize in Denmark in 1992, and a Medal of Honor in Italia's Cup Competition Triennale di Milano in 1986. He has also received numerous awards in Finland.

Lindfors' Washington exhibition concentrates on sculpture and consists of four large works and 19 smaller pieces. Most of the pieces in the Washington exhibition are made of translucent fiberglass, shaped into giant cocoons over a welded metal wire framework. Dried insects painted red, appear in all the pieces. In some pieces they are located inside the cocoon, and in others they are present as shadows.

Regarding Lindfors' interest toward insects, William Easton, author of the Radar Gallery exhibition catalog, writes, "The insect world is as removed from the consequence of human action as humankind is from the seductively scented pheromone of a butterfly and the dance of bees. It is this autonomy, this independence, this total disregard for mortal existence that makes the insect an appealing figure for Lindfors. The insect adapts, reorganizes, and succeeds against all our feeble attempts at mastery. They possess a freedom of speech that mocks the impotent little history of humankind, the death of one or thousands is unimportant."

Further, Easton writes of Lindfors, "He brings to each aspect of his work regardless of medium the same intensity and professionalism. To view Lindfors as being a player of parts would, however, be not only to misunderstand his work but also to not recognize that which drives it. He sees no separation

between any of his activities and approaches each one with the same straightforward intention, simply put his aim is 'to make and make marvelous.' *Freedom of Speech* therefore is not an opportunity to see Lindfors the fine-artist, it is to watch the swing and fall of the ax."



***Ephemeron IV Tropicadris dus Crista* is one of the 23 sculptures that comprise Stefan Lindfors' exhibition *Freedom of Speech*.**

The exhibition will be open from April 25 to May 31 at the Embassy of Finland in Washington DC. It can be viewed on weekdays from 2 to 6 p.m., Mondays 2 to 8 p.m., and weekends 2 to 7 p.m. Those who are unable to visit the exhibition can view a sampling on the embassy's homepage at: <http://www.finnemb.nw.dc.us/web/finland>.

—Hanna Tukiainen-de Carvalho

LISBON

A STEP BACK IN TIME

After months of soul-searching and intense debate the Portuguese have finally taken the great leap in time and are now 60 minutes behind the rest of continental Europe.

Stuck out on a limb at the westernmost point of the continent, the Portuguese have always adopted a rebel-

lious attitude toward time. At the beginning of the century Lisbon was 36 minutes and 44 seconds behind Greenwich Mean Time (GMT), and up until 1992 the Portuguese used the same time as the UK and Ireland. They were quite happy to put their watches forward an hour every time they crossed the border into Spain.

But four years ago the center-right government of Prime Minister Aníbal Cavaco Silva decided business would benefit if Portugal brought its time into line with its closest trading partners. This decision may have made economic sense, but it left the Portuguese out of sync with the sun, and they spent every winter going to work and school in the dark. The introduction of continental time was blamed for early morning road accidents and increased skin cancer. One man even told a radio program he had lost his job because his biological clock had been so upset by the change. But it was the images of children arriving at the school gates "in the middle of the night" that prompted a national outcry from parents, and the new Socialist government decided it was time to change time back.

The Permanent Commission of the Official Hour, a body made up of astronomers, sociologists, and civil servants, was convened, and after weeks of delicate negotiations at Lisbon's Astronomy Observatory, it recommended the 60-minute step backwards. So when summertime arrived in Paris, Bonn, Brussels, and Madrid, the clocks of Lisbon stood still.

Parents, teachers, and schoolchildren welcomed the move, but owners of bars and restaurants, which benefited from the long summer nights, and large companies that do much of their business with continental Europe have been less enthusiastic.

But it is the airlines and railway companies that have faced the greatest logistical upheaval. Their timetables went out of date overnight. Landing slots at airports are reserved six months in advance, which has caused some confusion since European flights out of Lisbon are now landing an hour later than scheduled and flights into the capital an hour

earlier. The airlines say they will adjust, and the Portuguese say it is a small price to pay for being in harmony with nature.
—Samantha McArthur

LONDON

CHARLES AND DIANA'S DIVORCE

The news that Prince Charles and Princess Diana are to divorce came as no surprise to anyone. What everyone wants to know now is just how much Diana can extract in the settlement of the Divorce of the Decade.

There are two ways to settle the finances: a lump sum payment—\$22.5 million has been suggested—or a guaranteed annual maintenance payment. Some say to keep Diana in the lifestyle to which she is accustomed will require at least \$1 million a year.

There is no disputing that Diana is expensive. Let's face it, her kind of style does not come cheap. So, what are her financial needs?

The figures are large but not very precise. As we understand it she had a one year bill for "grooming" of \$250,000. Some think this includes clothes; others say clothes were an additional \$100,000.

In any event, it is generally agreed that up to \$30,000 goes for beauty treatment, \$18,000 on personal fitness, \$15,000 on hairdressing, and \$12,000 on alternative therapies, including colonic irrigation. Cars? Well that's more than \$30,000, and entertaining, both at home and in fashionable restaurants like San Lorenzo and Le Caprice, is another \$25,000.

Add to this the cost of holidays with the royal princes, William and Harry, the 20 personal staff, and providing suitable accommodation for the mother of a future king of England. All in all it seems she really would need a million dollars a year to sustain her current lifestyle.

The royal family would prefer annual maintenance payments to keep her on a leash, restrained by the knowledge that the alimony could be withdrawn if she broke any of the "gagging" clauses inserted in the settlement contract.

Now, can Charles afford a lump sum payment? The answer appears to be not

exactly. Seems the prince of Wales is a bit strapped for that sort of cash. His liquidity problem derives from the fact that his prime asset is not actually his to dispose of.

The Duchy of Cornwall, a 130,000 acre estate concentrated in Devon and Cornwall in the southwest tip of England, is worth about \$135 million. But it is held in perpetuity for the future princes of Wales, and so he cannot raise cash by selling any of the assets.

inheritance from his grandmother, the queen mother, who is rich in her own right. And then there is still his mother, Queen Elizabeth, reputedly the world's richest woman.

The queen could dip into her fabulous funds to find the money, as she is reported to have done in the divorces of her sister Margaret, her daughter Anne, and of course the divorce of her son Prince Andrew from flamboyant Fergie, the duchess of York.

Actually, Princess Diana is not exactly on the breadline. She inherited an undisclosed sum from the \$135 million estate of her late father Earl Spencer. It is believed to earn her up to \$1.5 million a year. But it seems pretty clear that she has no intention of paying for her own lifestyle and that she will squeeze every penny possible out of the divorce.

I forgot to mention the dispute over Diana's \$30 million worth of jewelry. A substantial part of this is likely to be regarded by the royal family as property of the state. The princess and her lawyers will have a different opinion on this.

So can we expect a battle royal? You bet we can. Nobody fights over money like the rich. The monarchs here have argued

fiercely over money ever since the kings lost the divine right to help themselves to whatever they liked.

—David Lennon

DUBLIN

FOREIGN ADOPTIONS REVEALED

The revelation that as many as 2,000 Irish babies were sent to the United States in the 1950s and 1960s for adoption has led the government to set up a contact register to help them get in touch with their natural parents if they wish. A number of these adopted children, now of course grown up, have been trying without success to contact their real mothers in Ireland but have discovered that false names were given on their birth certificates.

A dramatic breakthrough in these searches came when Ms. Norah Gibbons of Barnardos child-care agency told the media that she was dealing with inquiries from more than 200 persons who had been sent to the US as babies and



As was to be expected, news of the royal divorce made major headlines, but so far little news has leaked of the details.

However, the income belongs to Charles, and it's not a mean sum, estimated at \$6.5 million a year. On this he pays about \$1.5 million in taxes and spends as much as \$3 million on official expenses. So he is left with a mere \$2 million, which is invested in a trust fund for his sons. He also has about \$3 million invested on the stock market. Again no mean sum but not enough to fund a \$22.5 million settlement.

He could avoid having to pay for an alternative home for his estranged wife by allowing Diana and his two sons to live in Kensington Palace apartments—four reception rooms, dining room, master bedrooms, and two guest bedrooms. This would come complete with household staff, ladies in waiting, and chauffeurs costing \$18,000 a week. Luckily for Charles this is paid for out of the public purse.

Diana's super sharp lawyers are unlikely to be reduced to tears of sympathy by the sad tale of Charles' royal penury. They are busy looking for other sources of his wealth. These include the potential

now wanted to meet their real parents. But many of them could not do so because of the false names.

Then an official in the National Archives, Ms. Catriona Crowe, discovered that there were hundreds of files dealing with these US adoptions which had been sent to the archives from the Department of Foreign Affairs under the rule by which government records are de-classified after 30 years. The department had handled these cases because the babies being sent for adoption had required passports to be allowed to leave the country.

Foreign Affairs Minister and Deputy Prime Minister Dick Spring then confirmed that between 1948 and 1962 "we were sending approximately 110 children a year on average to the United States, hopefully to a better life, but at what cost in human suffering we may never know." He said that each file is supposed to contain a declaration by the mother that the child was born out of wedlock, that she relinquishes all claim to the child forever, that she agrees to the issue of a passport, and that she undertakes "never to attempt to see, interfere with, or make any claim" to the child at any future date.

The adoptive parents also had to pledge that the child would be educated in Catholic schools and later, if necessary, in a Catholic university. This provision was demanded by the then Archbishop of Dublin as each of the babies concerned was considered to be a "Catholic illegitimate child." Until 1988 only illegitimate children could be adopted.

While the government wishes to facilitate those who were adopted to make contact with their natural parents and is coordinating data held by various agencies, it is conscious of the "confidentiality" guarantees given at the time by the mothers who were signing over their babies. Legal advice is being sought from the attorney general about this aspect.

The National Adoption Board did not exist at the time of these adoptions so they were handled by Catholic institutions such as hospitals where the illegitimate babies were born. Sister Gabriel of St. Patrick's Guild, one of the main adoption societies, said that she had come across birth certificates with false names that must have been given by the mothers, but the guild was not involved in registering the births.

The Department of Health has said

that it will "introduce changes in adoptive law and procedure to provide arrangements to facilitate contact between adopted persons and their birth parents."

—Joe Carroll

PARIS

STAR CRAZY CHEFS

In the firmament of haute cuisine, where Michelin stars twinkle so enticingly, the brightest constellations are the 35 restaurants—19 of them in France—that have three stars beside their name. Those three stars are the ultimate culinary prize, a gastronomic holy grail that the top chefs pursue hungrily and for which they would be willing, one gets the impression, not only to sell, but to cook their own grandmothers.

This year, for the first time since the Michelin guide appeared in 1900, one of the French demigods of gastronomy has had to do the unthinkable—file for bankruptcy. Pierre Gagnaire, hailed by his colleagues and food critics alike as an absolute genius in the kitchen, can no

longer meet the payments on his \$2 million bank loan.

Granted, Gagnaire did not listen to any advice or warnings about how vital location is when courting affluent gourmets. He stubbornly insisted on staying in his hometown of St-Etienne, in the midst of an industrial area south of Lyon that is off the beaten tourism track and does not have any luxury hotels to pamper food-worshippers willing to make the detour. "Everyone told me to leave," he said. "But I wanted to carry on. My approach was not business-like, but artistic. I suppose I was just not realistic enough."

Although he is the only one to have succumbed to financial disaster so far, other gifted chefs besides Gagnaire have flirted with it. Bernard Loiseau, of the Côte d'Or restaurant in Saulieu, Burgundy, and Marc Veyrat, of L'Auberge de L'Eridan on the shores of Lake Annecy, have both been crowned with three Michelin stars and crippled by the massive investments they made to obtain them.

Loiseau borrowed \$7.6 million to ensure that his restaurant would be as appetizing to the Michelin inspectors as

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MADRID

HONORING THE INTERNATIONAL BRIGADES

As the country marks the 50th anniversary of the start of the Spanish Civil War, special attention is being paid

his cooking. His designer decor, gold-plated porcelain and outstanding wine cellar did help him earn a third star, but they have also left him with monthly repayments of \$67,000. Veyrat plunged even further into debt in his quest for culinary stardom. He borrowed an astounding \$9.5 million and spent it on items like gold-plated taps in the washrooms and a kitchen sink speckled with real gold.

To make ends meet, Loiseau, Veyrat, and other gastronomic greats, like Paul Bocuse and Joël Robuchon, have had to mass-market their name and reputation. Loiseau earns \$600,000 a year through foreign restaurant franchises, works as a consultant for a wine club, has published six cookbooks, does television ads for instant soup, and has opened a boutique next to his restaurant where he sells everything from wine and kitchen utensils to ties and umbrellas. As he puts it, "I do haute couture in my restaurant and ready-to-wear on the side."

To give the "Michelin effect" its due, it is thanks to the prestige generated by the third star that these lucrative business opportunities came rolling in. So do clients eager to fork out more than \$200 a head for a meal, and bookings generally increase from 45 to 65 percent when a restaurant attains a three-star rating.

But the economic recession has brought some lean times to gourmet restaurants. Tourists are thinner on the ground, and business expense accounts have been drastically pruned. Pierre Gagnaire saw his clients plummet from 2,500 a month when his third star was announced in 1993 to 1,000 in the last few months.

He is not throwing in the towel just yet. He has asked for, and been granted, some more time by the commercial court to try and make a viable business out of his culinary artistry. "Right now, I can bounce back or be wiped out," he admitted. "I don't hold all the cards in my hand. My fate depends on others." Part of it, no doubt, is written in the stars.

—Ester Laushway



Ernest Hemingway was among the artists and literati who went to Spain to fight the forces of fascism in 1936–1939.

to the foreign volunteers of the International Brigades who fought on the side of the republic against the eventual victor, General Francisco Franco.

In January, at the urging of leftist and regional parties, the Socialist government granted honorary Spanish citizenship to the survivors, most of whom are now in their eighties or nineties.

And this fall, those still able to make the trip will be honored in Madrid, Barcelona, and other cities linked to the history of the International Brigades whose story was told by George Orwell in his memoir, *Homage to Catalonia* and in the recent award-winning film by Ken Loach, *Land and Liberty*.

Before the veterans arrive, members of the Spain-based Association of Friends of the International Brigades plan to tour Europe and the United States to film interviews with the old soldiers for a documentary.

On November 7, the association hopes to bring 400 or so of the surviving 600 *brigadistas* to Madrid to mark the same date 50 years earlier when the International Brigades first saw action against Franco's troops on the Madrid front.

The Spanish Civil War (1936-1939) is seen by many as the dress rehearsal for

World War II as it pitted a legitimate government, the Spanish republic, against the forces of fascism, led by Franco and aided by Hitler and Mussolini with funds, troops, and materiel.

One of the most unforgettable images of the war was captured by Spanish artist Pablo Picasso in his painting *Guernica* an abstract depiction of the German Luftwaffe's bombing of the Basque town of the same name. More than 1,000 civilians died.

Following Franco's and the Spanish army's uprising against the legal government in the summer of 1936, volunteers from around the world flocked to Spain to fight for the republic.

These leftists, democrats, and idealists joined the International Brigades which eventually counted between 35,000 and 40,000 in the ranks. One of the most famous outfits was the Abraham Lincoln Brigade, which boasted mostly Americans

and Canadians but also included Cubans, Irishmen, and Greeks.

An estimated 10,000 of the foreign volunteers died in the conflict.

—Benjamin Jones

STOCKHOLM

PERSSON'S SHAKEUP

When Göran Persson, as local party boss, ran the town of Katrineholm, many people thought of him as a one-man show, a political bully. It was perhaps some of those decisive qualities that led Ingvar Carlsson to appoint him minister of finance in 1994, and perhaps also the reason why he was chosen to succeed Mr. Carlsson at the Social Democratic Party congress in mid-March. But as Persson was preparing to take over the reins of the party and the government, there were signs that he was softening his posture in order to bridge the gap between left-wing party traditionalists and the "chancery right" reformists. But as he presented his new cabinet and political program on March 22, those hopes or fears (depending on where one stood politically) were quickly dispelled. "The Boss" was back.

His repeated references to "MY gov-

ernment" and "MY minister" so-and-so gave his presentation an uncharacteristically (for Sweden) belt-tightening stamp that accompanied Persson's previous policies as finance minister. A balanced budget by 1998 and a continued commitment to fighting inflation are ambitious goals, reinforced by Persson's choice of his team in the Ministry of Finance. Erik Åsbrink, a former deputy finance minister (1990-91), a close confidant of Persson's and widely considered a member of the party right wing, will take over Persson's old job. His deputy is 31 year old Thomas Östros, also one of Persson's men and a market-oriented reformer. Both men are respected for their competence in the field but carry little weight within party ranks, placing them at the mercy of their boss. Presumably, this was the point. In any case, the so-called "market" rewarded Persson's appointments with a strengthening of the krona and a sharp fall in interest rates.

Persson also promised that unemployment would be halved by the turn of the century. This task is likely to be one of the new government's most challenging. In charge of labor policy is Margareta Winberg, a charismatic and controversial anti-EU figure whose highlights as the previous minister of agriculture included a very public animal rights protest in Brussels together with Brigitte Bardot.

One clear sign that Persson is consolidating his hold on power is the removal of the previous minister for trade and European affairs, Mats Hellström, from his post. Persson himself will now take over responsibility for questions regarding the European Union, while drawing heavily upon the competences of Gunnar Lund, a senior civil servant who is Sweden's chief negotiator in the intergovernmental conference. (Some have suggested that Hellström, who is known for his eagerness to travel extensively around the globe, fell out of favor with Persson who felt that his job was to spend more time at home selling the European Union to the skeptical Swedes.) The decision to bring the EU questions so close to him (which not even the ever so ambitious Carl Bildt dared to do) has brought Persson some criticism from people who question his international credentials, which, by his own admission, are somewhat limited.

At the same time, while presenting a government focused very much around himself, Persson also underscored the importance of strengthening Parliament's

role in the policy-making process. Indeed, the new cabinet is more firmly rooted in Parliament than the old one. But in a time when politicians are widely ridiculed as big on talk while weak on action, Sweden now appears to have a strong, decisive leader—for better or worse.

—Jonas Weiss

ATHENS

FIRST NEOLITHIC EXHIBIT

Greece's archeological heritage is so rich that some important periods get overlooked. Finds from the Neolithic period (around 8,000-3,000 BC in Greece), for example, might seem dull in comparison with the glories of classical sculpture and architecture. Yet this was when organized agriculture took off, settled communities were established, and the concept of private property was invented.

To celebrate its tenth anniversary, Athens' leading private museum is staging the first ever exhibit of Neolithic finds from all over Greece plus some from the island of Cyprus. The Museum of Cycladic Art has assembled a stunning collection of handmade pottery,

finely worked tools and weapons made from stone or bone, and evocative clay figurines. It offers a rare opportunity to find out about life in Greece's earliest villages.

More than 900 Neolithic sites have been identified around Greece. The most densely populated areas were in the fertile plain of Thessaly, still the country's richest farming region, on the island of Evia near Athens, and in Macedonia.

Toward the end of the Stone Age, seafaring and trade flourished. Lumps of obsidian, a black volcanic glass found on the Aegean island of Melos, were an important commodity. Razor-sharp slivers of obsidian were used to make arrowheads and blades. Shells from the islands were sought for making jewelry.

Coastal regions were settled more intensively, with strategically placed caves at the head of a sheltered bay serving as warehouses. "These were the starting points for overland routes into mainland Greece. They were used by prosperous consumer communities specializing in trade," says George Papatthanassopoulos, the exhibit's curator.

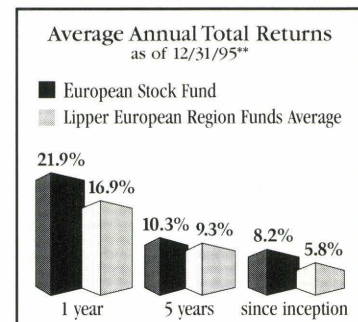
But there is not much to see at most Neolithic sites. Over the millennia,

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houses made of wattle-and-daub and mud-brick fortifications have disappeared. Many sites were built over by later occupants. Archeologists unearth traces of the Stone Age in deep soundings dug below Bronze Age or classical Greek levels.

Exceptions are the mounds of Dimini and Sesklo in central Greece, where you can walk along narrow pathways between the foundations of Neolithic buildings—family sized huts and workshops. The spectacular Diros cave in the southern Peloponnese was used in the Stone Age for shelter, storage, and burying the dead.

The exhibit highlights the sophisticated skills of Neolithic pottery makers who produced vases in exotic shapes, decorated in elegant geometrical patterns in red or black. Working long before the potters' wheel was invented, they "built" a pot with coils or slabs of clay. Surfaces were burnished with a pebble to give a highly polished sheen that still survives.

Figurines on display include *The Thinker* a unique seated man more than a foot tall, made of red clay with carefully modeled features—perhaps a fertility idol. Some figurines are near-abstract, others almost naturalistic. Most striking of all is a slender figure of a seated woman cradling a baby. Delicately painted and highly polished, it testifies to the high

quality of workmanship to be found in Sesklo almost seven millennia ago.

(Exhibit runs through September at Museum of Cycladic Art, 4 Neofytou Douka Street, Athens, Greece. Tel: 7228-321).

—Kerin Hope

LUXEMBOURG

HOLDING COURT

"The Luxembourg court," as British newspapers sniffily refer to it, has suddenly run into the kind of thing lawyers dread most—a blaze of hostile publicity.

To be sure, it's the UK that's making the waves but Prime Minister John Major feels so strongly on the matter that we can now expect reform of the European Court of Justice (ECJ), to figure at the head of the agenda when the 15 governments chart the future of the European Union this year.

The ECJ is the judicial institution of the European Union, with a remit to ensure that EU law is interpreted and applied in the same way throughout the 15 member countries. But if you think that sounds awfully humdrum, you'd be wrong. The Court's rulings may sound arcane, but they can have powerful and often provocative consequences.

Each EU member country sends a highly respected judge to serve on the Court, which works in a designer rust-colored modernistic building on the Kirschberg Plateau just outside the city of Luxembourg. One of its inhabitants has described it as "a giant unfinished toy made from an erector set."

There's little ceremony about the Court. Arguments are largely made in writing, rulings are reached secretly and anonymously, and much of the work is highly technical. A typical case would see the Commission in Brussels challenging one of the member states over its failure to comply fully with laws reached by the Council of Ministers. But anyone can bring a case if a violation of EU law is suspected.

The first key to the ECJ's importance is that EU law takes primacy over national law. The 15 red-gowned judges have no powers to fine or sanction an errant country, but their verdicts carry a majesty that no responsible government defies for long.

The second clue to the ECJ is that it is charged with interpreting treaty language that is openly federalist in character—indeed the treaties specifically provide for "ever closer union of the peoples." Inevitably the ECJ has assumed the role of the "engine of political and economic union."

NEWSMAKERS

The new president of the Council of Europe's 263 member parliamentary assembly is **Leni Fischer**, 61, the first woman and the second German to be elected to the coveted post.

The Council of Europe, founded in 1949, is the body that promoted unity, human rights, and democracy within Europe. Fischer's election as its president is the culmination of almost 30 years in politics during which she has become known for her active support for equal opportunities.

But she is no strident feminist. Her forthright, down-to-earth attitude and sense of humor have earned her great liking and admiration both among male and female colleagues.

Fischer has managed to combine her demanding political career with marriage and bringing up three children. She cheerfully shuttles between her family home in Germany, the German Parliament in Bonn, and the Council in Stras-

bourg. Every couple of weeks she makes time to be with her family, because she believes that "if you don't when your political life is over you are going to be a very lonely person."

Her first task as president was to preside over the vote on January 25 which admitted Russia as the thirty-ninth member of the Council of Europe.

•••

Does Europe's proposed single currency, to be called the "euro," seem somewhat bland?

European officials have discussed different ways to make the new currency more appealing to the average European citizen. One official has gone so far as to propose that the beautiful, popular, and well-known German model **Claudia Schiffer** be hired to promote the new European single currency. Ms. Schiffer would certainly give the euro some much-needed charisma.

•••

On September 29, 14 yachts will leave Southampton, England, on a 30,000 mile

race non-stop around the world against the prevailing winds and currents. The boats will be crewed by 200 amateurs, many of whom had never sailed before they signed up three years ago for what promises to be the race of a lifetime.

The BT Global Challenge was dreamed up by **Chay Blyth**, a former British paratrooper, solo circumnavigator under sail, transatlantic rower, and all-round adventurer. The first Challenge took place four years ago and was won by the *Nuclear Electric* yacht skippered by **Richard Tudor**. This second Challenge will last 10 months and take in Rio de Janeiro, Wellington, Sydney, Cape Town, and Boston, via Cape Horn, and the Cape of Good Hope.

It will cost each person taking part \$28,000. Most of the 200 participants, aged 21 to 60, have taken time out from their careers to participate in the 3,000 miles of sail training leading up to the race. They are a motley crew, with occupations ranging from truck drivers to aromatherapists to doctors, but united in their determination to survive both the elements and the

All EU member countries have at one time or another fallen foul of the Court's rulings, even Euro-enthusiasts like Luxembourg. The UK is far from being the worst transgressor and is among the quickest to comply with ECJ judgments.

But this in a sense has merely served to channel anti-EU sentiment in Britain into a precisely focused antipathy toward the Court. This sentiment had simmered for years before tempers finally boiled over earlier this year when the Court opened the way for Spanish fishermen to claim huge sums in compensation for the UK's attempts to stop them by using UK fish quotas and when the judges in effect ordered Britain to introduce a maximum 48-hour working week.

Even the normally mild-mannered John Major was driven to describe these rulings as "ludicrous." Others in his party less inhibited, said that unless the Court's powers were severely cut back, the UK should consider leaving the EU.

The outcome was that Britain is tabling a package of reforms of the ECJ to this year's intergovernmental conference on the future of the EU. Specifically John Major is seeking a limit on retrospective application of Court judgments, a rapid mechanism to amend EU legislation if the Court interprets it in a way that was not intended, time limits for certain cases, an end to most damage pay-

ments, speeded-up procedures, and finally a new type of appeals machinery.

It's possible that this package is meant to speak only to the anti-EU elements in Mr. Major's government. Certainly no other EU member country seems likely to show much support for them. But for Luxembourg there could be a silver lining in such reforms, should they ever be realized.

The ECJ employs about 1,000 people directly and generates considerable high-profile visitor traffic; it is, in short, already a major asset to the Luxembourg economy. Any increase in the Court's responsibilities, workload, and staffing would surely delight the Grand Duchy's hotel keepers and restaurant owners—not to mention the national treasury itself.

—Alan Osborn

VIENNA

ROMAN REMAINS

The German warriors came from the north and conquered not just Vienna, but the whole Danube region around it. The year? No, it wasn't 1938, but 167 AD, and the invaders were hordes of marauding Goths, militant tribes who attacked the strong encampment of the 10th Roman legion, which was ensconced in

its fortress on the banks of the river.

The name of the place was Vindobona, from which stems today's Wien (Vienna), and modern Viennese are living above the ruins of that ancient Roman settlement, which once housed 6,000 men in the houses and barracks that stood along its geometrically arranged streets.

What is left of Vindobona, which covered the area precisely where the heart of the city, including the famous Dome of St. Stephens, stands today, can be seen in careful excavations beneath the surface of the picturesque Hoher Markt.

Vindobona was built along the lines of all the Roman camps. It had a quadrangle of high walls surrounded by a moat, four gates, and two rectangular crossing mainstreets.

Along those streets stood the legion's headquarters (the 14th took over from the 13th and eventually was replaced by the 10th, called the Martial and the Victorious). The 10th Legion, according to Dr. Ortolof Harl, a Viennese historian, remained here until the Romans eventually abandoned the area.

The Roman fortifications were discovered accidentally in the late 1940s when the city started drainage works in front of Number 3 Hoher Markt and some of the ruins came to light.

In fact, it became clear to archeolo-

cramped confines of a 65 foot yacht.

Dozens of names are already on the waiting list for the next BT Global Challenge, scheduled for the year 2000. Blyth says that he is a long-term planner and intends the new millennium race to have newer, bigger boats carrying more crew. His message to all aspiring sailors is: "Book now to avoid disappointment." The number to call is (44) 1 579 348387.

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Trendy French philosopher **Bernard-Henri Lévy**, whose personal trademark is a white shirt worn wide open to show off his manly chest, has published a book of memoirs at the relatively tender age of 47. *Le lys et la cendre* (The Lily and the Ashes) is a journal of the past four years of his life, during which he made a dozen visits to Sarajevo and met with many political leaders including **François Mitterrand**, **Jacques Chirac**, **Margaret Thatcher**, **Pamela Harriman**, and **Alija Izetbegovic**. It is not an optimistic portrayal of present-day

politics, but BHL, as he is known, says he felt compelled to tell it like it is. "I say everything in this book. It's a statement for my contemporaries and for tomorrow's historians who will some day judge those



Richard Branson, head of the Virgin empire, is also an active balloonist.

who have power."

It is also yet another media success, at which BHL is a proven master. Not much

he says, writes, or does ever passes unnoticed, from his 1993 high society wedding to the glamorous blonde actress **Arielle Dombasle**, to his disturbing 1994 documentary *Bosna!*, which set tongues wagging at the Cannes film festival.

BHL is now working on his next project, a movie about the final years of Ernest Hemingway, a man after his own heart—freedom fighter, ladykiller, and writer of pithy prose. BHL likes to quote Hemingway's advice: "All you have to do is write one true sentence. Write the truest sentence you know." To which he cannot resist adding: "Truth has its consequences, believe me."

•••

Admiration for the exploits of Virgin boss **Richard Branson** has reached new heights. When his round-the-world balloon flight was grounded by storms in drought-stricken Marrakech, Morocco, the local populace hailed him as a rain god.

—Ester Laushway

gists that the houses which stood there belonged to Roman staff officers who traditionally lived on a main street. The Legion's central command, and the commander's palace, also resided there.

What is visible today is still only a small part of the Roman settlement that lies beneath the city. Excavations eventually will bring a much larger area of the Roman camp to light.

Basically, what can be seen represents two large houses separated by a narrow street. There are remnants of walls, and the remains prove that the Romans used in-wall and under-the-floor central heating. Hollow bricks testify to Roman ingenuity as does the little arch where the original fireplace for the entire heating system once stood.

That same system also helped heat the baths, which were an essential part of any Roman settlement.

Eventually, the Roman walls were dismantled and many of its stones were used to help build medieval Vienna. When the Goths came, in 167 AD, they destroyed much of the encampment, but it was eventually rebuilt—essentially along the lines of the original Roman design by Goths and Alani, whom Emperor Gratianus settled there as frontier guards around 380 AD.

Towards the end of the 4th century AD, Vindobona more or less fell to pieces, and its buildings decayed.

Vindobona wasn't an easy place for the Romans to maintain in the face of continuing German attacks. And for the sun-loving Italians it must also have been extremely inhospitable during those cold and snowy winters.

There are other Roman camps along the Danube where the Goths' surprise attacks are still evident. In one of them, food was found still on tables, evidence to the sudden flight of the legionnaires.

Late in the 2nd century, Vindobona suffered an outbreak of the plague (one of many to come in the centuries that followed), which killed hundreds, including Emperor Marcus Aurelius, a talented general, who died there on March 17, 180 AD, at a time when he had just managed to defeat the invading hordes and drive them back across the Danube.

The Roman museum displays relics of the 10th Legion, including the gravestone of a commander of the 10th Legion. The stone was converted to use as a millstone in later Roman days.

There are also interesting displays of ancient tiles along with decorations that

once dominated the roofs of encampment buildings. Items found in the Roman cemetery, such as small statues and a small bronze figure of a chained German captive, also are on view.

Anyone interested in Viennese history should not fail to visit the very conveniently located Roman excavations, silent but persuasive witness to yet another vast empire that once was.

—Fred Hift

BRUSSELS

ONE BELGIUM OR TWO?

Every now and then scare stories appear suggesting that the Belgian state is about to implode and to be replaced by two separate countries, one Dutch-speaking the other French-speaking. The only two things that keep the country together, it is said, are the king, who speaks both languages, and the national football team, popularly known as the "Red Devils," which is fanatically supported by fans from both language groups.

The latest scare came in March, when the minister-president of Flanders, Luc Van den Brande, sent a note to the Flemish Parliament proposing the transfer of 11 more areas of competence to the regional administrations—his own in Flanders and Robert Collignon's in French-speaking Wallonia.

Such a transfer would reduce the competences of Jean-Luc Dehaene's national government to skeletal proportions and would effectively mean the end of the new federal set-up painfully established by the constitutional reforms of 1992–95.

If Van den Brande's ideas were to be accepted, at best the country would survive as a loose confederation. At worst it could indeed lead to separation. Yet the chances of this happening are remote, and any comparison with Czechoslovakia, where a "velvet divorce" took place in 1992, is fanciful.

The reasons why Flanders will not secede, and why the demand for separation has never been backed by more than a small proportion of the population, can be summed up in one word—Brussels. The Belgian capital is surrounded by Flemish territory, yet it is an overwhelmingly French-speaking city—85 percent of its citizens speak French, and only 15 percent Dutch, according to the latest count.

It is inconceivable that Brussels could be wrenched away from French-speaking Belgium. Yet very few Flemings would opt for independence unless they could take Brussels with them.

This situation is well understood by the mass of Belgians, even if foreign observers often get it wrong. Nor do the Flemings do at all badly in modern Belgium, where they are the majority community. Historically, they may have been the underdogs, but since World War II their position has been transformed.

Their standard of living is higher than that of the French-speakers, and their unemployment rate is decidedly lower. The last 13 Belgian governments have all been led by Dutch speakers, who are now politically as well as economically dominant, though elaborate constitutional provisions exist to protect the minority.

Why then did Van den Brande, who is far from being a firebrand, make his demands. Two explanations are advanced: one, to win back support from the extreme right-wing Vlaams Blok, whose members demand independence. Its support has grown in recent elections, but it is still backed by fewer than one Fleming in seven. The other explanation is that Van den Brande, who is widely regarded as a boring technocrat, wanted to find some way of raising his profile. He has certainly done that, but it has done him little good. No sooner had he launched his initiative than his already low opinion poll ratings began to plunge.

—Dick Leonard

ROME

SOCCER RIGHTS AUCTIONED

Italians' passion for soccer is well known. And like every phenomenon concerning the masses and their customs, it is an excellent indicator of the profound social changes underway in the homeland of Dante and Machiavelli.

It is no secret that for several years now the old political class has been almost completely sidelined by the so-called "Clean Hands" investigations, the judicial anti-corruption inquiries that have made the parties in power since World War II virtually disappear. But as more time passes, more doubts arise as to whether the "Second Republic" (the media's triumphant designation) had actually been born. A few of the old politicians have returned to scene, some of

whom ran in last month's elections, and the political venom spewed among the various parties has reached levels that were before unthinkable.

There has been evidence, however, of real change in Italy. Lamberto Dini's "technical" government has decisively faced up to the country's most urgent problems, including the gigantic public deficit, which were largely ignored under Italy's old political regime. But for the best illustration that real change has taken place in Italy, one need to look only as far as the battle over the television rights for the Italian soccer championship.

To everyone's surprise, Rai lost the public auction for the exclusive rights to televise the soccer games. It was a very hard blow for the state-owned television agency, which once reigned supreme during its monopoly, to share the broadcast rights to one of the country's most watched events.

It wasn't, however, the antagonist media-magnate turned politician Silvio Berlusconi who won the soccer battle. The rights were awarded at auction for a dizzying sum by a third, some might say "unwanted" party, Vittorio Cecchi Gori, a former Berlusconi ally turned rival.

Gori's two television stations, Tele-Montecarlo and MTV-Europe, have until now been considered second teamers when compared to Rai and Berlusconi's network. Gori also owns Fiorentina, the soccer team of his hometown, Florence.

The average Italian soccer fan, who is used to spending Sundays glued to the television transmissions of what until now has been called "Mamma Rai," is in shock. (Rai is currently negotiating with TeleMontecarlo for rights to some of the games). But economists and politicians nod in satisfaction. The fact that Italy, too, is finally opening up to competition in a decisive sector like television can only be greeted as an important signal that the Italian economy is moving toward freer market logic.

Perhaps the Italian Second Republic really has begun now.

—Niccolo d'Aquino

THE HAGUE

THE PRINCESS AND THE DOLPHINS

Princess Irene, the sister of Queen Beatrix, is said to have talked with trees, communicated with the sun, frolicked with dolphins—and now she has

written a book about it. Illustrated with her own paintings, her spiritual autobiography *Dialogue With Nature: A Way to a New Equilibrium* was published late last year and has since become a best-seller. It has also focused renewed attention on the occultist tradition of the Dutch royal family.

The princess' book fits in the modern New Age cult tradition, discussing reincarnation, holism, open-mindedness toward natural therapy, and the idea that spiritual healing of mankind is near. Irene writes about seeing "inner lights" in people, lis-

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tening to her aura, and liberating herself. "My relationship with trees, plants, dolphins, the sun have changed my life," she writes, "and it is so miraculous I want to share this experience with others."

Nobility and royals in Europe have a long tradition with metaphysical beliefs. Irene's grandmother, Queen Wilhelmina, was inspired by Krishnamurti, an Indian philosopher who had a large following among the Dutch upper class in the early part of this century. His teachings were related to the antroposophical movement of Rudolph Steiner and Madame Blavatsky's theosophical writings that were immensely popular in Europe at that time.

Soon after her coronation in 1948, Queen Juliana, the daughter of Wilhelmina and mother of Irene, came under the strong influence of a religious pacifism brought to the royal palace by a spiritual healer. In the early 1950s, at the height of the cold war, pacifistic statements by the queen (for whom, constitutionally the government holds final responsibility) were politically unacceptable, and it almost caused the forced abdication of Juliana.

Princess Irene has always been a strong-willed person who did things her own way. Born in 1939 as the second of four daughters of Queen Juliana and Prince Bernard, she was the first to marry (in 1964). Her fiancée was an exiled Catholic prince from Spain, which shocked many royalists in the Netherlands. The Dutch royal family traces its ancestry to William of Orange (1533-1584), who led the Calvinist rebellion against Catholic Spain in the 16th century. Ever since, the Orange dynasty has been a symbol of Dutch reformed Protestantism. So when Irene, after her sister Beatrix, the second in succession to become queen, secretly converted to Catholicism in 1963 and was subsequently blessed by the Pope, she lost her rights to the throne. Even the wedding had to take place outside the Netherlands, in Rome.

Meanwhile, her husband, Prince Carlos Hugo of Bourbon Parma, was claiming the rights to the Spanish throne, but these were disputed. Under Carlos Hugo's leadership, the arch-reactionary Carlist movement took on a socialist kind of ideology in the final years of the Franco-regime. Irene became a militant supporter of her husband. They lived in exile in France with their four children and were occasionally allowed to visit their small group of followers in Spain.

After divorcing Carlos Hugo in 1981, Irene returned to the Netherlands where she got involved in social work and pacifist movements. In 1983, she was one of the speakers at the largest demonstration ever held in the Netherlands, a rally against the deployment of nuclear missiles. Having officially abdicated her position as a member of the royal family, Irene van Lippe-Biesterfeld now lives the life of an ordinary citizen. She has founded her own business, an institute for management training.

In her book, she describes the struggle it has taken her to come to terms with her life, to make her existence meaningful. Her conversation with trees, the sun, and the dolphins have been of enormous help, she writes, ending in cathartic experiences.

Once when she was depressed, she had read about a woman in Hawaii who organizes therapeutical sessions with dolphins. Irene went to Hawaii, swam with the dolphins, and admired their sensuality.

"One morning, I shamelessly told everything about myself to a large male dolphin," she writes, "asking if I should write about it. He told me, 'you'll get everything, everything.' Then, he gave a shower of bubbles all over me...then, that night, I chose (the path) for my life and the dolphins showed me the way."

Irene recommends these experiences to other readers. But then, not everybody has had a background as a princess.

—Roel Janssen

COPENHAGEN

BACK ON THE SCENE

Though he did not become secretary-general of NATO, former Danish foreign minister Uffe Ellemann-Jensen has not left the international political circuit. He has been chosen by the OSCE, the Organization for Security and Cooperation in Europe, headed by Swiss Foreign Minister Flavio Cotti, to become a fundraiser for the elections in Bosnia. Uffe Ellemann-Jensen has been given only a few weeks to raise the \$35 million needed to ensure free and fair elections.

There is still speculation in Denmark that Mr. Uffe Ellemann-Jensen is looking for a top international job, despite his denial and claim that he would rather be the next prime minister of Denmark. Part of the speculation is based on the assumption

that he has little chance of getting that post, whatever the level of support for his party. In the opinion polls his party, the Liberal Party, is now Denmark's largest, supported by about 30 percent of the vote, and the party has been on a consistent upward trend since the last elections.

Denmark has a tradition for minority governments, but it is of course imperative that no majority can be mustered against them on major issues. But a government led by Uffe Ellemann-Jensen would require not only a non-socialist majority, but a majority that will positively support his tenure. The latter condition will be very hard to meet, given that the second-largest non-socialist party, the Conservative Party led by Mr. Hans Engell, has broken its traditional alliance with the Liberal Party and is working with the government of Social Democratic Prime Minister Poul Nyrup Rasmussen on key issues, including the budget for this year.

There has been a general shift to the right in Danish politics over the past 12 months. The most visible consequence of this move is the beginning of reform of the welfare state, forcing the young to find a job or start some kind of training, rather than stay on the dole with a monthly check of up to about \$2,000, and advancing training programs for the unemployed in general. Hardly revolutionary, but enough to provoke a reaction from the left wing of the Social Democratic Party, adding zest to the increasingly acrimonious public debate between the factions of the party.

The Liberal Party, which in Denmark is to the right of the Conservative Party, has responded by sharpening its political profile, very much in consonance with the outspoken personal style of Mr. Uffe Ellemann-Jensen. On economic issues this tack is attracting very strong support from business and voters hoping that welfare reform at some point, sooner than later, will translate into lower taxes. But the Liberal Party is also offering undiluted support for further integration of the EU, campaigning for a referendum as soon as possible to remove the Danish Maastricht reservations especially on Economic and Monetary Union and Danish participation in the Western European Union. This platform attracts committed pro-EU Danish voters, but the majority of voters are still EU-skeptics, and this remains a barrier to a Danish government led by Uffe Ellemann-Jensen.

—Leif Beck Fallesen

ARTS & LEISURE

BOOKS

Kulinarische Reise durch deutsche Lande. (Culinary Journey Through Germany)
By Hannelore Kohl; Zabert Sandmann; 223 pages

Hannelore Kohl, the wife of German Chancellor Helmut Kohl, has published a cookbook, *Kulinarische Reise durch deutsche Lande* (Culinary Journey Through Germany), that honors the family name in a very delicious way. The cook book lists different kinds of *Kohl* (which means "cabbage" in German) such as *Blumenkohl* (cauliflower), *Rotkohl* (red cabbage), and *Rosenkohl* (Brussels sprouts).

But different kinds of cabbage recipes are not the only delicacy Hannelore Kohl describes in her cookbook. Her husband's obvious love of food provided a great resource for this collection of 350 recipes.

Mr. Kohl himself comments on each of the nine regional sections the book discusses. So besides recipes, one can read about Helmut Kohl's native region, the Palatinate, and about the chancellor's love of Palatinate wines and dishes, such as Saumagen (stuffed pig's stomach), a delicacy many famous politicians visiting Germany have come to taste, among them Bill Clinton, Margaret Thatcher, and François Mitterrand. The chancellor also describes his family history in that region, "The handling of wine is a

pleasure but also hard work...my parents met during wine harvesting in Burrweiler, a village in the center of the Palatinate... therefore my preference for the region's *savoir vivre* and its wine has been determined from birth."

The combination of Helmut Kohl's description of the cultural and historical back-



Helmut and Hannelore Kohl's new cookbook will be available soon in an English translation.

ground of the dishes, the regions they are prepared in, and the actual recipes, offer the reader a well-rounded and informative culinary journey through Germany.

Hannelore Kohl's cookbook is easy to read and very comprehensive. The different preparation and cooking steps are listed in numerical order, and a compilation of ingredients is shown separately. Most recipes are accompanied by large colorful pictures that offer the reader suggestions on how to serve

a particular dish. Several pages of the book are also dedicated to Mrs. Kohl's conversations with noted chef Alfons Schuhbeck about preparing vegetables health-consciously (to counterbalance the pig's knuckles they are served with), what spices to use, and what to drink with each dish. In these sections

the reader can also learn about the 300 different kinds of bread and the 1,500 different kinds of sausage Germany is famous for throughout the world.

The dishes' preparation times range from 10 minutes to, believe it or not, 14 days. In any event, none of these dishes are for the weight-conscious because the gravies are prepared with butter, flour, and cream and the pork dishes and dumplings are heavy.

Mrs. Kohl's cookbook was published in Germany in January by Zabert Sandmann. Within the next 12 months, the book will be translated into English, and available in the US for non-cholesterol conscious readers and eaters.

Of every book sold, \$3.50 will be contributed to the Hannelore Kohl Foundation, which supports neurological research regarding brain damage. Mrs. Kohl is also the founder and president of the Kuratorium, a treatment center for accident victims with damage to the central nervous system.

One look at Helmut Kohl and the reader can be assured that Hannelore Kohl's book offers anybody with a brave stomach a delicious

culinary experience. *Guten Appetit.*

—Nadja Rogoszynski

Germany United and Europe Transformed. A Study in Statecraft

By Philip Zelikow and Con-doleezza Rice; Harvard University Press; 493 pages; \$35

Pictures of enthusiastic East Germans pouring through the Berlin Wall on the night of November 9, 1989, remain vivid in historical memory and will for decades to come. What is nowhere as clear is how that moment so rapidly metamorphasized into the reunification of west and east Germany, an act still defying in its magnitude and consequences. The collapse of the wall came to symbolize the end of a 40 year cold war; the unification of Germany would come to represent the first act of the post-cold war era.

Would that the rest of post-cold war history transpire with such clarity of purpose and diplomatic skill. As the authors of this well-told saga point out, the unification of Germany was the ultimate example of an opportunity brilliantly seized. The current troubles of Russia, the war in the former Yugoslavia, and the political and economic spasms in most post-communist regimes in Central and Eastern Europe demonstrate that far too many opportunities since 1990-91 have not been met with the same combination of purpose and adroitness by either local leaders or the leadership of the West.

To the casual American or

European observer, with the benefit of six years hindsight, peaceful German unification now appears as the inevitable result of the Central European revolution of 1989. The valuable lesson of this book is a constant reminder that the outcome could have been far different and more dangerous.

The authors, both former staff members of the Bush administration National Security Council, document the steps by which unification came about. Even more importantly, they argue persuasively that the determination of two leaders—President George Bush and Chancellor Helmut Kohl—made unification happen. Mr. Bush, even before the collapse of the Wall, was looking to unification, much to the dismay of other leaders such as British Prime Minister Margaret Thatcher and French President François Mitterrand. With the backing of the United States, Chancellor Kohl moved rapidly, aggressively, and decisively at every opportunity, always going for the big prize and rarely settling for half measures, even those proposed by his own coalition partner and foreign minister, Hans-Dietrich Genscher.

The other critical element, of course, was the ever weakening position of the Soviet government of Mikhail Gorbachev. In fewer than 12 months, the entire *raison d'être* of Soviet policy in Europe for the past 45 years had crumbled. As the authors detail, this outcome was the result of constant indecision at the very top ranks of the Kremlin and Chancellor Kohl's readiness to exploit it with generous offers of economic aid.

For European readers, the authors discuss the process through which French reluctance about German unification was overcome by German promises to push even more strongly for European unification. Among the results of a united Germany is the Maastricht Treaty. Given the second part of the book's title, this observation comes almost as an afterthought. Perhaps at this stage it is far easier to tell how Germany was unified than how Europe will be transformed. There is even less on other changes in Central Europe and the EU's halting engagement with that part of the continent.

This book also reveals that

the period encapsulating the end of the cold war may be producing its own kind of written history. Several of the principal actors in the drama already have turned out memoirs, most remarkable for their banality and scant revelation. The historians, at one or several steps removed, are producing narratives that capture far better both the intensity and the drama of the era. This book has an important place at the center of that growing shelf.

—Michael D. Mosettig

FILMS

La Flor de mi Secreto
(The Flower of my Secret)
Distributed by Sony Pictures Classics

Pedro Almodovar's latest creation, *The Flower of My Secret* is the 45 year old Spanish director's most emotive and evolved film to date. Perhaps best known in the United States for *Women on the Verge of a Nervous Breakdown*, Almodovar brings us a tale of despair and rejuvenation.

The film takes place in a different world from the

Madrid, post-Franco subculture of homosexuals, bisexuals, and transsexuals previously portrayed by Almodovar. *The Flower of My Secret* revolves around Leo (played by Marisa Paredes), a highly successful writer of

romantic fiction who has been working under a pseudonym for years. As she reaches middle age, she's faced with a contract that obliges her to continue producing her light hearted romances (happy endings and all) and a creative spirit that is leading her elsewhere. Crisis hits when, while she is trying to expand her literary horizons, she is finally rejected by her hitherto absentee husband, Paco (played by Imanol Arias).

Surrounded by friends and family who are too absorbed in their own problems to notice Leo's downward slide, including the hilarious bickering mother sister duo (played by Chus Lampreave and Rossy De Palma), the one ray of light that shines in Leo's life is Angel (played by Juan Echanove). Cultural editor of the renowned Spanish daily, *El Pais*, Angel offers Leo a job as a critic for the national arts supplement. Her first assignment is a challenging one that forces her to take a hard look at where she wants her life, post-Paco, to go.

A trip home to her native La Mancha (also the birthplace of Almodovar) provides the audience with breathtaking views of the Spanish countryside and strengthens Leo to face the challenges ahead.

Despite the brilliantly colorful screenplay and the always scornful attitude toward Spanish machismo, Almodovar takes off in a whole new direction in *The Flower of My Secret*. After more than 20 films, he shows his audiences that he can still surprise them. *The Flower of My Secret* is a must-see for all. Fans will love it, and critics may find something they just were not expecting.

—Saskia Reilly

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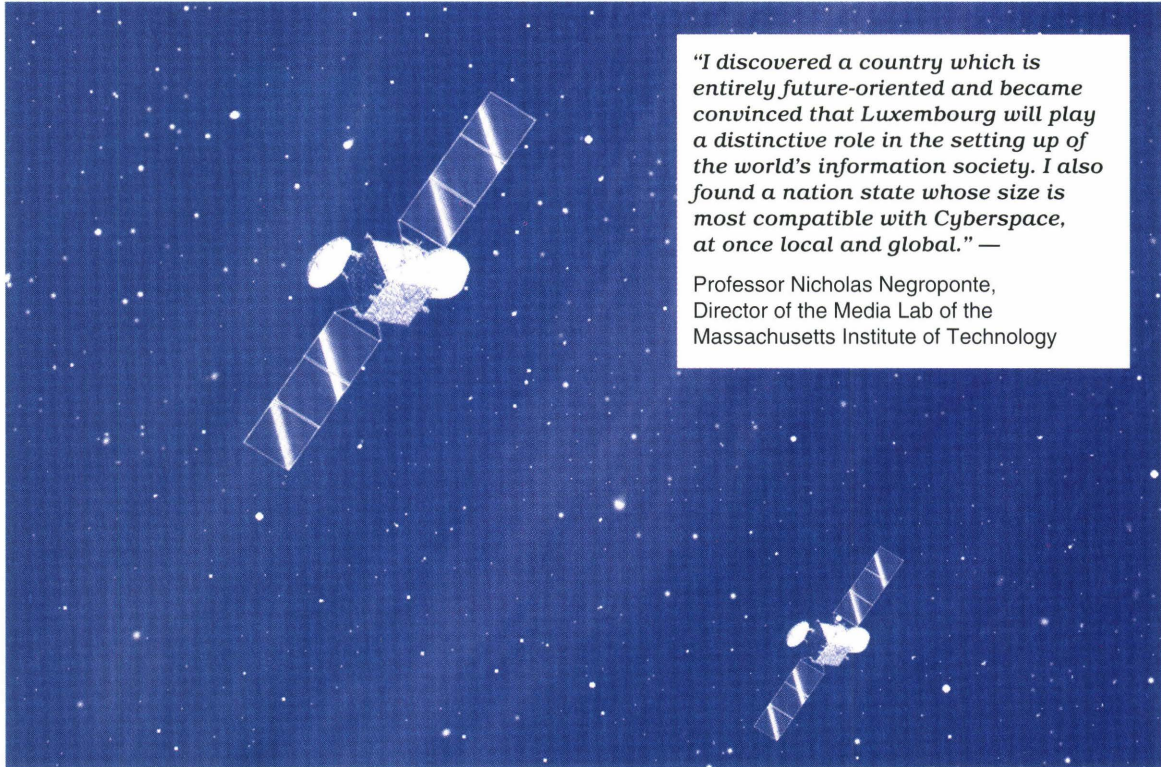
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