



THE PINK WAVE • ART BUCHWALD IN PARIS

EUROPE

\$2.95

October 1996

POLITICS

'96

SPEAKING
OUT ON
EUROPE



EUROPEAN
ELECTIONS



Visit

[CLICK HERE TO LEARN MORE ABOUT IRELAND](#)

Welcome to the **EUROPE** Home Page
MAGAZINE



[About EUROPE
MAGAZINE](#)

[ADVERTISING](#)

[CURRENT ISSUE](#)

[EDITORIAL CALENDAR](#)

[SUBSCRIPTIONS](#)

[SPECIAL EVENTS](#)

[BACK ISSUES](#)

EUROPE

M A G A Z I N E

on the Worldwide Web
at <http://www.eurunion.org>

A 7147

OCTOBER 1996

NUMBER 360

EUROPE

MAGAZINE OF THE EUROPEAN UNION



8

PORTUGAL

The Pink Wave. Portugal's Socialist government celebrates one year in office, but big challenges lie ahead. *Samantha McArthur* **8**

Pondering the Price of EMU. Portugal's finance minister says his country will meet the single currency criteria. *Samantha McArthur* **10**

POLITICS 96

Clinton's Foreign Policy and Europe. Through fits and starts over four years, a Clinton Doctrine appears to have emerged. *Martin Walker* **12**

Clinton at Oxford. Bill Clinton's years as a Rhodes scholar proved to be more than just an academic experience. *Martin Walker* **15**

Bob Dole: A Pragmatic Internationalist. As a candidate for president, Bob Dole believes he has the blueprint for American foreign policy after the cold war. *Robert J. Guttman and Daniel Galo* **16**

Dole's Italian Connection. Bob Dole has developed a special relationship with the place where he was wounded. *Saskia Reilly* **19**

Running for the European Parliament. Depending on where you come from the route to a seat in the EP will vary greatly. *Alan Osborn* **20**

New Faces in European Politics. Profiling Europe's emerging politicians. *Lionel Barber* **22**

The European Political Landscape. US politics are a model of clarity by comparison with the ideological tangles and national variations found in European politics. *Martin Walker* **25**



32

TRAVEL

Monsaraz. The best preserved of Portugal's hilltop castle villages. *Samantha McArthur* **32**

Irish Literary Treks. Read your way through Ireland on a tour based on its rich literary heritage. *Elisabeth Farrell* **34**

DEPARTMENTS

- 2 Letter from the Editor**
- 4 Eye on the EU**
- 6 EU On-line**
- 36 Letter from Europe & Capitals**
- 42 Newsmakers**
- 47 Arts & Leisure**



19



15

Letter from the Editor

What do presidential candidates Bill Clinton and Bob Dole think about American foreign policy toward Europe? From arms control to Bosnia to Russia to the WTO, the candidates are speaking out on foreign policy and trade issues that affect US relations with Europe. *EUROPE* looks at Clinton and Dole's views on those foreign policy issues relating to Europe.

Bob Dole states that "America's interests in Europe are as compelling and as urgent as they were before the Berlin Wall was breached." *EUROPE* presents the former majority leader of the Senate's views on Europe, ranging from his call for the "need to expand NATO membership as soon as possible to the new democracies of Central and Eastern Europe" to his thoughts on Bosnia, Russia, trade, the WTO, terrorism, new missile systems, and the United Nations.

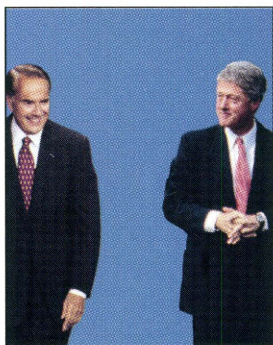
Martin Walker, the Washington bureau chief of the *Guardian* and the author of a new book on Bill Clinton's presidency, analyzes the last four years of the president's policies with regard to Europe. Walker says the "real core of Clinton's foreign policy is economic." He looks at Clinton's foreign policy overtures to help solve the Northern Ireland "troubles;" his relations with Yeltsin; his changing policies toward the war in Bosnia; and his dealings with EU leaders.

Lionel Barber, writing from Brussels, discusses European concerns about the lengthy American presidential campaign. He writes that "Europeans are worried about the 1996 election influencing American policy toward Bosnia" and that "trade issues loom large."

Politics is also a big issue across Europe this time of year. Martin Walker tries to untangle the European political landscape for our readers. Looking at all of the 15 EU countries, Walker profiles their political and government systems. As he writes, "American politics are a model of transparent clarity by comparison with the ideological tangles and national variations in Europe."

EUROPE presents an interview with internationally known humor columnist Art Buchwald as he discusses his new memoir of his years in Paris, appropriately titled *I'll Always Have Paris*. Buchwald presents a humorous look at the City of Lights in the late 1940s and 1950s.

Our travel department this month looks at treks through literary Ireland and the hilltop village of Monsaraz in Portugal. Our EU country profile this month focuses on Portugal and the Socialist government's first year in office. The country is working hard to meet the criteria for Europe's new single currency.



Bill Clinton and Bob Dole speak out on Europe.

Robert J. Guttman

**Robert J. Guttman
Editor-in-Chief**

EUROPE

Publisher

Theo Hustinx

Editor-in-Chief

Robert J. Guttman

General Manager

Anne Depigny

Managing Editor

Peter Gwin

Editorial Assistant

Susan J. Burdin

Contributing Editors

ATHENS: Kerin Hope

BERLIN: Wanda Menke-Gluckert

BRUSSELS: Lionel Barber, Bruce Barnard,
Dick Leonard

COPENHAGEN: Leif Beck Fallesen

DUBLIN: Mike Burns

THE HAGUE: Roel Janssen

HELSINKI: Hanna Tukiainen-de Carvalho

LISBON: Samantha McArthur

LONDON: David Lennon

LUXEMBOURG: Alan Osborn

MADRID: Benjamin Jones

PARIS: Axel Krause, Ester Laushway

PRAGUE: Barry D. Wood

ROME: Niccolò d'Aquino

STOCKHOLM: Jonas Weiss

WASHINGTON, DC: Reginald Dale,

Amy Kaslow, Martin Walker

Interns

Joshua Bopp

Peter Onnestam

Design

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.)

Periodicals 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*.

No One Covers the New Europe Like...

EUROPE

M A G A Z I N E

Subscribe to EUROPE, the only magazine that covers timely and important business, economic, and political events not only in the European Union but throughout Europe. From Paris to Moscow, from politics to travel, EUROPE gives you the information you need to stay on top of the news. No one covers the New Europe like EUROPE.

**Return this coupon to EUROPE, P.O. Box 55935,
Boulder, CO 80322-5935**

- \$19.95 for one year (10 issues).
 \$34.95 for two years (20 issues).

Name

Address

City

State Zip

payment enclosed please bill me

5096

EYE ON THE EU



Profiling
Personalities and
Developments
Within the
European Union

Are European railways, having been in continuous decline since World War II, about to stage a comeback? There are some encouraging signs. The high speed train, pioneered by the French railways (SNCF), is now bursting through national frontiers, with the opening of the Euro-tunnel under the English Channel in 1994 and with international links opening up to Belgium, Spain, and Italy. Under the EU's trans-European networks program, approved by the Essen summit in December 1994, infrastructure finance should be avail-

able to extend the network across Western Europe and indeed to Eastern Europe. So far the member states have dragged their feet in providing the necessary financing, but at least in the medium term there is little doubt that rail will prove an effective competitor to air travel between many of Europe's capital cities.

If the future now seems brighter for passenger transport, the picture still looks dismal for freight carriage. Despite the theoretical advantages that rail offers for long distance freight, rail continues to lose market share each year to road, inland water

transport, and pipelines. In the 15 EU member states, according to figures collected by the Commission, rail was responsible for 32 percent of all freight movements (measured in tons-kilometers) in 1970, but only 15 percent in 1994. Although the total amount of freight had increased by two-thirds, the actual amount carried by rail had shrunk by more than a quarter.

The reasons for this decline are clearly spelled out in a white paper adopted by the Commission in July. "The average freight train," it says, "travels at 14 kilometers an hour (around 8.5 mph): on a

typical journey it is likely to idle in sidings for an entire afternoon waiting for border checks and lose at least half an hour at the frontier changing crews." In other words, the European single market has conspicuously failed to materialize so far as rail freight is concerned.

The white paper, entitled *A Strategy for Revitalizing the Community's Railways*, was presented on the initiative of the energetic transport commissioner, Neil Kinnock. It sets out a whole battery of recommendations for rescuing the rail sector from the downward spiral in which it has plunged. Radical propos-



AUSTRALIA



FRANCE



RUSSIA



GERMANY



TAIWAN



SCOTLAND

No matter what part of the world is

At United Van Lines International, we fit the special transportation needs of our customers, no matter what hat they wear. And our commitment to quality service isn't limited by any nation's borders. . . or to a single type of business. United's worldwide family of 1,000 experienced agents provides personalized, professional attention to a wide range of shipments:

- . . . services to help the **Human Resources Manager**

smooth the transition of employees to new assignments.

- . . . services to assist the **Traffic Manager** in making certain that a trade show exhibit arrives intact and on time, ready to start generating new business.

- . . . services for a **Project Manager** who is looking for a better way to forward general commodities to the port of entry or project cargo to a remote job site.

als are put forward for reforming railway finances, introducing competition, curbing state subsidies unless they are geared to restructuring or the provision of essential public services, and for integrating national systems into a viable European network.

Perhaps the key proposal is the creation of rail freight freeways, with open access to all actual and potential operators, both publicly and privately owned. The objective would be to remove all barriers and delays at internal European borders so that customers could have the same confidence in planning to use rail for international movements as they would for those within a single member state.

The white paper contains an illustrative map of some freight freeways which could be established in a relatively short time. Six transcontinental routes are shown, linking

such cities as Liverpool and Lisbon, in the West, with Warsaw and Budapest in the East and Stockholm in the North with Bari in the South.

Would the establishment of such a network involve the creation of a European Railway Authority—a EURTRAK to match AMTRAK, which,

however imperfectly, has prevented the train from becoming extinct in the US? The Commission is not sure, noting that its creation would be a major undertaking with implications for many areas of rail operation. Cautiously, it calls for further study to explore the issues involved.

Whether or not this proves to be the way ahead, the Commission has succeeded in defining the formidable range of problems which need to be overcome if European railways are to have a decent future. The ball is now in the court of the member states. Time is not on their side—unless they can decide quickly on effective measures to reverse the shrinkage of rail freight, its terminal decline may be inevitable. The inevitable consequences will be increasing pollution and ever worsening congestion on European roads.

—Dick Leonard

If rail's future seems bright for passenger transport, the picture still looks dismal for freight carriage. Despite theoretical advantages that rail offers for long distance freight, it continues to lose market share each year to road, inland water transport, and pipelines.



ENGLAND



MEXICO



CHINA



NETHERLANDS



AFRICA



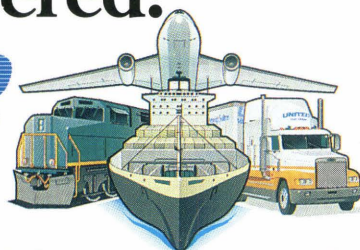
ARGENTINA

important to you, we've got it covered!

Let United, the total transportation expert and the largest household goods carrier in the U.S., be your link to any of more than 200 countries around the world. For complete details, contact your local agent. . . or call the International Department at United's World Headquarters (800-325-3924).

United Van Lines. . . providing service that's always the perfect fit.

**UNITED
UNITED
UNITED**
Van Lines



the QUALITY SHOWS in every move we make.™



LITERARY LINKS

Internet naysayers have warned that the written word will become a novelty once most homes have computers and modems. But publishers are not shying away from the potential threat. They are using the Net to engage readers and to boost sales. And for bibliophiles with a bent toward foreign titles old or new, the Internet can end what is often a futile search of hometown bookstores.

Netbooks is one of the best places on-line for plugging into the British literary scene. The site (www.timeout.co.uk/TO/NetBooks/) is part of the electronic incarnation of *Time Out*—a London arts and leisure weekly magazine.

Visitors can read two recently published short stories in full each month along with reviews and background on the authors. A feature called "The Spider" dishes out gossip and news about the industry. Collectors of rare or unusual books can peruse classified listings or submit their own. Viewers must sign in each time they visit and remember a password, but access is free at least for now and worth the minor inconvenience.

IBS Publishers acts as a clearinghouse for smaller, mostly British publishing houses offering general interest and academic titles. Don't look for any excerpts here, but the array of specialty publishers is impressive. Someone looking for books on film history or television could find the British Film Institute via IBS with a listing of new releases, an option to receive a catalog, and order-

ing information. International relations is one of the specialties of Europa Publications, which is also among the site's offerings.

Non-English books, often hard to find in even large American cities, have a fairly strong Web presence. These sites are set up mostly for selling books rather than reviewing but are a simple way to find out what is on the shelves of European bookstores.

French speakers can find a variety of fiction and non-fiction at Pages de France (www.cybermax.fr/). Searching by topic gives a small description of the book, its price, and how to order. Librairie du Bat d'Argent (dtr.fr/bat/) specializes in second-hand and rare books, mostly French titles. The Scheltema Holkema Vermeulan Boekverkopers, a huge bookstore out of Amsterdam, can keep Dutch-speakers up to date on the latest releases (www.dds.nl/~shv/). And 30 year old publishing house Maria Pacini Fazzi (www.lunet.it/aziende.mpfazzi/welcome.html) offers a large selection in Italian.

One bookstore in the United States says it has titles in more than 100 languages. Seattle-based Multilingual Books (www.esl.net/mlb/) carries hundreds of books, tapes, and software to improve language skills, such as the entire French *Tintin* series for those interested in teaching their children French.

For an extensive list of foreign publishers and stores, try The Bookwire (www.bookwire.com/index/Non-English-Booksellers.html). It's worth a bookmark.

SITE OF THE MONTH: CAMPAIGN '96

Just when the political spinners thought they had campaigning down to the science of soundbites, the Internet provides another opportunity and a challenge to get out the vote. Both President Bill Clinton and challenger Bob Dole have set up shop on the World Wide Web with photos, bios, speeches, and

promises hoping to win over the cybernaut voters.

Clinton's site (www.clintongore96.org/) has plenty of style with red, white, and blue bunting, a flag waving in the wind, color photos on every page, and daily updates. Its creators promise it will "continue to grow and build momentum in the months leading up to the election." For now the main features are biographies on the first and second couples,

BookWire THE FIRST PLACE TO LOOK

The BookWire Index
Non-English Booksellers

[Allice.it- Il Libro Nella Rete](#)
The most important Italian site about books and publishing. Forthcoming books, news, publishers, booksellers and libraries in Italy.

[Book Shop JF Lehmanns](#)
Book shop located in Berlin. Online research. Bestsellers and books on computer available.

[Bookshop Librairie du Bat d'Argent](#)
Bookseller of second-hand and rare French books. General titles available in the areas of literature, philosophy, military history, music, religion and travel. Catalog book lists available. Site in both French and English. (Librairie: Livres d'occasion anciens, documentation.)

[Bookstore Lilli Zacharakis](#)
Best information about books in the Greek language.

[East View Publications](#)
Large clearinghouse for publications from Russia, the CIS, and Central Europe.

[Elefant Bookstore \(Cracow, Poland\)](#)
The only and biggest bookstore in Poland on-line offers 2000+ books in four languages, including photo albums, travel guides, Polish literature, software, video and much much more.

[ESL Net/Multilingual Books](#)
Multilingual Books in Seattle, WA offers books, tapes, and video in over 100 languages, computer language products, ESL teaching materials, and general language teaching and learning materials. Fast and friendly service and a great selection of new and used books and other language products.

[Ex Libris](#)
Brazilian bookstore offers a wide selection of books in Portuguese. World-wide mailing service available.

[Fachbuchhandlung Hector](#)
Die Fachbuchhandlung im Internet, Bücher können Online bestellt werden, bei online.

[French Literature Audio Books](#)
Selections from the writings of Honoré de Balzac, Victor Hugo, Gustave Flaubert, many others.

[Gerold Buch & Co.](#)

Bookwire offers bibliophiles an on-line link to publishers and fellow book lovers.

a "briefing room" outlining Clinton's stance on various issues and a section on getting involved in the campaign.

Dole has opted for a more interactive approach on his home page (www.dole96.com/). Viewers are told they can customize their site by choosing issues important to them and coalitions with which they identify, such as women or a particular ethnic group. They can also opt to receive direct contact from the campaign via e-mail. The site, although not as colorful as Clinton's, offers background on Dole and running mate Jack Kemp, a policy agenda, a scrapbook of Dole family memories, and a message from Leader Dole, a pint-sized pooch who's hoping to oust Socks as first pet.

For those interested in foreign policy, you will have to dig deep into both candidates' sites to find their proposals and achievements. The message is clear that this election is about domestic issues.

For a less partisan view of the contest PoliticsNow (www.politicsnow.com/) tackles the hot issues, the polls, campaign finance, the speeches, and a politics trivia contest thrown in for good measure. The shared effort of two major newspapers, news magazines, and a television network even allows viewers to replay recent speeches if they have sound equipment on their computer.

And as for the Reform Party, candidate Ross Perot's Web presence is subtle at best. Perot's name appears a few times on the party's site (www.reformparty.org/), but there isn't even a link to find out about his background or agenda and not one of the infamous charts or graphs. And this from a man who made a few billion dollars off computers.

—Christina Barron

100% NO LOAD

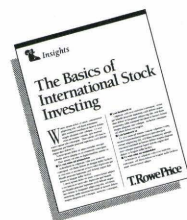
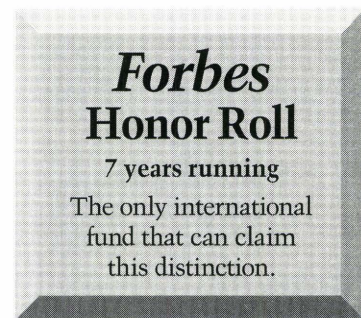
Largest international no-load manager¹

THE POWER OF GLOBAL INVESTING

T. Rowe Price International Stock Fund—performance potential plus diversification. If you want to diversify for enhanced return potential with reduced risk, don't overlook international equity investing with T. Rowe Price. By providing exposure to potentially stronger-performing foreign markets, international stock investments can help increase long-term returns. And, since foreign economies tend to move independently of each other and the U.S., diversifying internationally can actually help reduce the overall volatility of a domestic portfolio.

Our International Stock Fund—one of the oldest and largest international no-load mutual funds—follows a prudent strategy of investing in the stocks of established companies outside the United States. It has proven itself over periods of up and down markets, in times of both a weak and a strong U.S. dollar. In fact, the fund's success has placed it on the *Forbes* Honor Roll for the seventh consecutive year. The fund's performance from 3/31/84 to 6/30/96 was considered; 18 honorees were selected.*

Of course, international investing has special risks, including currency fluctuation. As with any stock fund, there will be price fluctuation. \$2,500 minimum investment (\$1,000 for IRAs).
No sales charges.



Call 24 hours for a free report and prospectus
1-800-541-6157

<http://www.troweprice.com>

Invest With Confidence®
T. Rowe Price 

¹Strategic Insight Simfund. *As cited in *Forbes* magazine (Mutual Funds issue) dated 8/26/96. The honorees are chosen annually; candidates must be open to new investors and have had the same management for at least 5 years. Sector funds are excluded. Read the prospectus carefully before investing. T. Rowe Price Investment Services, Inc., Distributor. ISF032775

Portugal's Socialist government celebrates its one year anniversary this month. "So far so good" is the verdict of the opinion polls, but the real challenges lie ahead, and the Socialists' second year in office is sure to be much tougher. Unemployment is on the rise, and the government's election pledge to meet monetary targets for the EU's single currency will require a skillful balancing of priorities.



By Samantha McArthur

The 'Pink Wave' Greets Portugal's

Since Portugal's Socialist Party swept the electorate off its feet in last October's general election, the honeymoon hasn't really ended. Opinion polls show that voters remain surprisingly tolerant of the government's mistakes, and they seem willing to give the administration time to prove itself. But it is in the second year that marriages tend to hit their first rocky patch, and 1997 will be the true test of strength.

In October 1995, an electorate weary of 10 years of center-right Social Democratic rule gave the Socialists a convincing 44 percent of the vote. This was followed three months later by the presidential election triumph of Socialist Jorge Sampaio over his rival, former Social Democrat prime minister Anibal Cavaco Silva. The media dubbed Portugal's move to the political left the *onda rosa* (the pink wave—only the Portuguese Communists are really "red" these days). Since Felipe Gonzalez' Socialists lost power in Spain last March, Portugal has become one of only a handful of socialist-led countries in Europe. But European socialism isn't what it used to be. Right after the election new Prime Minister Antonio Guterres,





Portugal's Prime Minister Antonio Guterres waves to supporters at a Socialist rally and addresses a press conference (below). Last year, Portuguese voters elected both a Socialist government and a Socialist president in what the media called the *onda rosa* (pink wave).

government halted work on a dam project in northern Portugal that would have flooded a series of Stone Age rock carvings and drew up initial plans for educational reform.

It was not, however, the alacrity with which the government set to work, but it was its new style which seemed to impress voters. After 10 years of rather distant, sometimes autocratic rule by the Social Democrats, the Portuguese were delighted to see ministers discussing projects with panels of experts and local residents. "Dialogue" became the new government's buzzword.

Over the last year the government has taken its time to draw up policies, to consult, and to negotiate, but it hasn't been all talk. Pushing the 1996 budget through Parliament and hammering out an annual labor agreement that kept a ceiling on wage increases without sparking social unrest were two of its most notable successes.

There have also been failures and embarrassments. The worst of these was the Parliament's rejection in June of a bill to bail out the country's soccer clubs, which owe millions of dollars in back taxes. The bill was widely unpopular, and the Socialists were criticized for pandering to the powerful soccer bosses while ordi-

Democrats, who have 88 parliamentary seats to the Socialists' 112, were effectively leaderless from January until March. Their new leader, Marcelo Rebelo de Sousa, has begun to galvanize the party, but it still trails far behind the Socialists in the opinion polls.

The Socialists are four seats short of an absolute parliamentary majority, but there is no indication that any of the opposition parties would use this fact to undermine the administration since early elections would be unlikely to produce a very different result. The four seat deficit does mean that the government has to tread carefully, however, and it must negotiate with its rivals on the right and left to get its legislation through the house.

This could become more of an issue in the struggle to meet the Maastricht criteria in 1997. Economists say Portugal is currently on target to reduce its budget deficit to 4.2 percent of gross domestic product this year, but many believe it will not be able to meet the 1997 target of 3 percent without paying a high price in lost jobs. Public investment is still relatively strong in Portugal and accounts for a high proportion of jobs. The Communist Party strongly opposes job cuts made in the name of EMU, and the right-wing Popular Party wants a referendum on Maastricht.

The country's second largest union, the General Workers Union (UGT), recently issued a warning to the government, saying it had heard many fine-sounding promises on unemployment but that these were yet to have any impact on the jobless rate. In the second quarter of this year, unemployment stood at 7.2 percent, up from 7 percent in the same period of 1995.

The one year old government's next big challenge will be to push its 1997 budget, which is due sometime in the fall, through Parliament. So far Mr. Guterres has not completely ruled out tax increases as a means of balancing the dual commitments to Maastricht and social justice, but he says the new budget will focus on spending cuts. Either option is likely to signal the end of the halcyon honeymoon days. ☹

Samantha McArthur is EUROPE's Lisbon correspondent.

ave! Future

Can Antonio Guterres lead Portugal to economic stability and increase his popularity during his party's second year in power?

rushed to reassure financial markets that his government would keep a lid on spending and meet the Maastricht Treaty criteria for Economic and Monetary Union (EMU).

On taking office, Mr. Guterres stressed that his government would also focus on tackling unemployment, improving health care, and reforming Portugal's education system—a commitment Mr. Guterres described as his personal "passion." The energetic 46 year old engineer immediately set about fulfilling election promises. The

nary citizens went to jail for tax evasion under a government clampdown. At the beginning of the year Public Works Minister Murteira Nabo stepped down when it was revealed that he had evaded paying property tax. The Socialists later lost Economy Minister Daniel Bessa, a free-marketeer who resigned over a move to restrict supermarket opening hours.

Part of the reason the government sailed through these storms so serenely is that the opposition has been in disarray for much of the year. The Social

PORTUGAL PONDERERS THE PRICE OF EMU



By Samantha
McArthur

Portuguese Finance Minister Antonio Sousa Franco is a meticulous man with a reputation for absolute integrity, and he is not prone to bouts of unfounded optimism. Consequently, his claim that Portugal has a better chance of entering the EU's single currency from the outset than any other southern European country deserves to be taken seriously.

But Portugal, one of the EU's less developed member states, still has a great many hurdles to clear if it is to reach the finishing line on time. Public debt is too high; sluggish economic growth may interfere with budget deficit targets; and as unemployment rises, the country's Socialist government must weigh the social costs of Economic and Monetary Union (EMU).

No one doubts the government's commitment to meeting the Maastricht Treaty criteria. "EMU" was the first word on Prime Minister Antonio Guterres's lips after his party swept to power in last October's election. Since then virtually every official statement on macroeconomic policy refers to the single currency and affirms its central importance. This is hardly surprising. Portugal is heavily reliant on EU funding, and the vast majority of its trade is conducted with EU partners, particularly Germany and Spain.

So far Portugal is on course to meet the EMU targets this year. The government has had significant success with its 1996 budget. Inflation is set to ease to an average 3 percent by the end of the year, and the budget deficit may even come in at below the goal of 4.2 percent of gross domestic product (GDP).

But Mr. Guterres has admitted that 1997 is going to be a tough year. Weak international economic growth could severely complicate the government's task of balancing budgetary rigor and election pledges to tackle social problems, such as health and education. The government still hopes Portugal's GDP will grow by 2.5 percent this year, but most economists think

it will be lucky to grow 2 percent. They say Portugal will have to make very deep sacrifices in order to meet the budget deficit target of 3 percent of GDP in 1997, which the Maastricht Treaty requires.

Against this uncertain background, unemployment is rising, adding itself to the government's list of woes. The jobless rate was 7.2 percent in the second quarter of 1996, up from 7 percent in the same period of 1995. This is still much lower than rates in many other EU countries, but economists believe the official statistics hide a true rate which is closer to 11 percent. Trade unions have already issued warnings that they will not tolerate further sharp increases in unemployment.

When it comes to the 1997 budget, which is due to be presented to Parliament in the fall, economists say the government may have to make a straight choice between raising taxes and cutting investment. Either of these options will be painful in a poor country where much public investment is necessary to help infrastructure catch up with the rest of Europe.

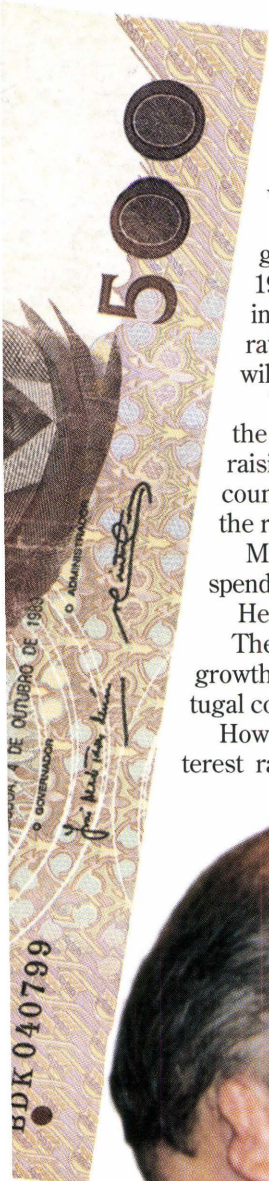
Mr. Guterres said in a recent interview that the government would do its best to save spending on health and social security, but he said, "All the rest will have to be very tough."

He did not rule out tax increases but said his government would try to avoid them.

The trouble with reducing investment is that it translates immediately into much lower growth and lost jobs because of the high level of public sector investment going on in Portugal compared with other EU countries.

However, the government may get a helping hand in balancing the budget from falling interest rates. Such a fall in rates should reduce the cost of state borrowing, and some economists calculate that these savings could amount to as much as .75 percent of GDP next year. Analysts give Portugal an even chance of qualifying for EMU among the first batch of countries in early 1998, but they say much will depend on how flexibly the Maastricht criteria are interpreted. With some key EU members now looking uncertain to pass all the tests, the interpretations may be more generous. This is particularly true of debt criteria where Mr. Guterres believes there will be flexibility. "If not, Belgium will never be able to qualify, and I cannot conceive of a single European currency without Belgium." ☺

Portuguese Finance Minister Antonio Sousa Franco hopes to exceed predictions that his country has only an even chance of qualifying for EMU in 1998.



President Clinton had a dreadful first year in his relations with Europe as in so many domestic difficulties, from the grueling battle over his budget and the suicide of his boyhood friend and aide Vince Foster, to the \$200 haircut and the early rumblings of the Whitewater embarrassment. Except in the ways they sapped at his authority, these troubles would have counted for little in Europe, but they seemed part and parcel of an amateurish grip on power. This impression was reinforced by the humiliations to American arms in the deaths of 18 US rangers in Mogadishu and the flailings of policy over Haiti.



POLITICS

Europe as a whole was unsettled by his administration's initial focus on Asia, and Secretary of State Warren Christopher's casual comment that US policy had been "too Eurocentric for too long." The British were intensely nervous over reports that Prime Minister John Major's party had been overzealous in their partisan support for the reelection of President George Bush. The Bosnia crisis was then to complicate, and at times to poison, US relations with Europe for the next two years.

President Clinton had come into office promising "to focus like a laser beam" on domestic and economic issues. But in his campaign, appalled by the Serbian aggression, he had advocated a policy of "lift and strike"—air lifts of arms for the hapless Bosnians and air strikes to deter the Serbs. But with British and French peacekeepers exposed on the ground, wearing UN blue helmets, and escorting the humanitarian convoys which stood between Bosnia and starvation, the choice was grim: food or war. The urgings of some advisors for US military intervention, including National Security Advisor Tony Lake and Ambassador to the UN Madeleine Albright, were strongly resisted by General Colin Powell, chairman of the joint chiefs of staff at the Pentagon, and by Secretary Christopher, who feared a quagmire. Nor would the US support the Vance-Owen plan for the cantonization of Bosnia, arguing correctly that this would in effect reward Serb aggression.

Secretary Christopher's visit to Europe in May of the first year to float a "lift and strike" proposal was a dismal failure. The Europeans concluded the US was not seriously behind the policy, and except for the declaration of some Bosnian towns as protected "safe havens" after a brutal bombardment of Sarajevo, Balkan policy was effectively stalled until the major battles of 1995.

The European Union, concerned with trade policy and the difficult GATT negotiations, viewed the wooing of Asia with alarm. Clinton's convening of the first Pacific Rim trade summit, in Seattle at the end of the first year, looked all the more ominous when European diplomats were not even granted observer status. Some were reduced to obtaining press credentials.

In a series of meetings, Clinton developed good personal relations with Prime Minister John Major, President François Mitterrand, and with Chancellor Kohl. But other irritants developed. Britain was initially appalled by the president's decision to grant a US visa to the leader of Sinn Féin, political arm of the terrorist IRA, despite the advice of his State and Justice departments and the CIA. There was a troublesome row with France over espionage, which saw four US diplomats asked to leave.

Clinton's Foreign Policy & Europe

By
Martin
Walker



French President Jacques Chirac welcomed President Clinton and the other G7 leaders to Lyon in June.

There were further arguments with Britain and France over supporting IMF credits for Ukraine and, subsequently, for Mexico. Relations with Britain were never quite as bad as former secretary of state James Baker alleged—"the worst since the Boston Tea Party." But they were unusually strained, in part because Clinton's influence with Congress was so weak that the Europeans could never fully rely on the president's policy being fixed.

Slowly, relations began to improve. Warren Christopher declared 1994 "the year of Europe," marked by four presidential visits, including a moving commemoration of the D-Day landings. Germany's Helmut Kohl, less involved in Bosnia so able to smooth relations, ensured that at least one European power could claim "a special relationship" with the US. Indeed, Chancellor Kohl offered to invite US officials to attend the preliminary discussions on the intergovernmental conference, to discuss the next phase of the European project. And behind the headlines over Bosnia and the much publicized rows, some major breakthroughs were achieved on the deeper issues of diplomacy.

Clinton's reputation for indecision and for boredom with foreign policy made it difficult to discern any deeper strategic thinking. But it was there, and Europe began to see it in the NATO summits, which laid down the principle—and in Partnership for Peace—route for eventual membership of the Eastern European countries.

The real core of Clinton's foreign policy was economic, rooted in his conviction that the cold war world of geo-politics

and arms control summits was giving way to a new era of geo-economics and trade pacts. Clinton's Pacific Rim summit pointed the way. His determination to pass the North American Free Trade Agreement and the GATT world trade agreement, although he had to split his own party in Congress to do so, amounted to a Clinton Doctrine, that the world should become a global market of free trading democracies, with the giant (and fast-recovering) US economy as both linchpin and guarantor.

NAFTA passed through Congress at the end of Clinton's first year, and the GATT treaty at the end of his second, at the moment of supreme domestic humiliation, the Republican landslide to regain control of both houses of Congress for the first time in 40 years. And yet by this time, several different features of his foreign policy, long gestating, began to look like striking successes.

His overtures to Sinn Fein, matched by parallel invitations to the White House for the Ulster unionists, helped produce the cease-fire in Northern Ireland and at last to begin a bumpy peace process of talks and posturings. His support for a similarly bumpy peace process in the Middle East saw Israel and the PLO leaders exchange handshakes on the White House lawn, a separate peace agreement between Israel and Jordan, and the first direct Israeli-Syrian negotiations. Some strenuous personal diplomacy with Russia's President Boris Yeltsin during the 1995 G7 summit finally secured the withdrawal of the last Russian troops from the newly independent Baltic states.

Perhaps most important for the long term was the administration's accomplished handling of events in the former Soviet Union. Kazakhstan agreed to transfer its vast stocks of enriched uranium to the US, in secret Air Force flights, for safekeeping. Ukraine agreed, in the course of a Clinton summit in Kiev, to give up its nuclear weapons. Russian dismay at any extension of NATO

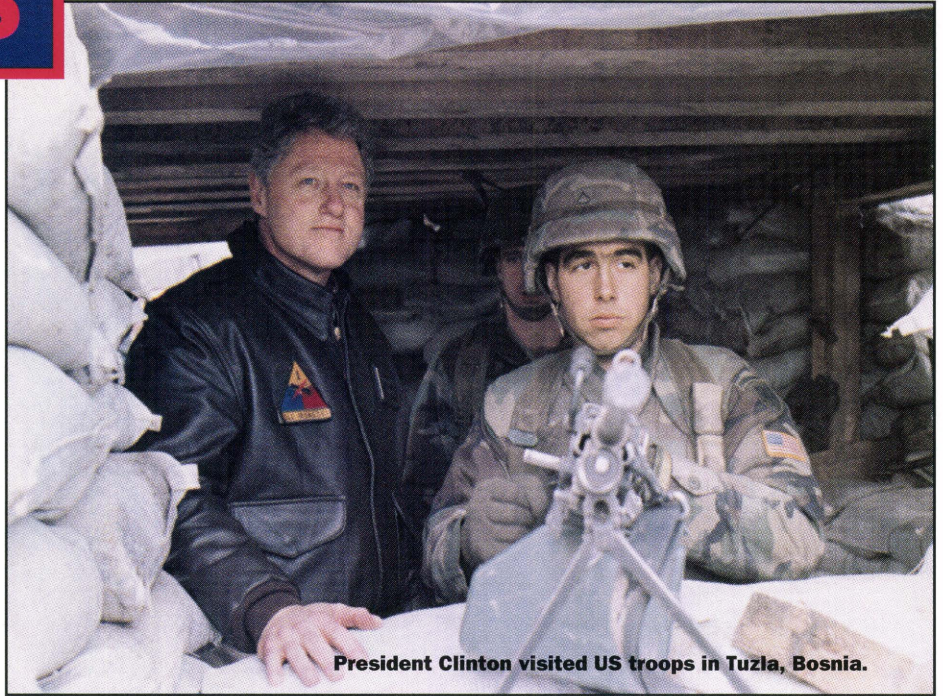
Belfast and Londonderry, where at least the people of Northern Ireland recognized the part he had played. From Northern Ireland, Clinton flew to Madrid to sign a US-European commercial accord that was hailed as a down payment on an eventual TAFTA, a Trans-Atlantic Free Trade Agreement.

Clinton's commercial strategy was by far the most durable of his foreign policies. All of the others remained at risk, to an assassin's bullet in Tel Aviv, to renewed IRA

POLITICS '96

was calmed, without any loss of the principle that the former Warsaw Pact satellites would join the alliance. President Yeltsin, as the best guarantor of sufficient political stability and democracy to allow the economic reforms to proceed, was sustained, and some said appeased, at a price paid in Chechen blood. But Russian reform remained bumpily on track, and given the scant financial resources made available by an increasingly introspective Congress, that was a signal of foreign policy success.

Another was to follow, a display of American leadership and resolve that finally brought a kind of peace to the weary Balkans. It would probably



President Clinton visited US troops in Tuzla, Bosnia.

WITH THE NUCLEAR TEETH DRAWN FROM KAZAKHSTAN AND UKRAINE AND A CEASE-FIRE IN BOSNIA, THE WORLD WAS A PALPABLY SAFER PLACE AT THE END OF CLINTON'S FIRST TERM.

not have happened without the election of Jacques Chirac to the French presidency, an English-speaking Americanophile as impatient as Clinton of the great powers' inability to stop the bleeding of Bosnia. Demanding that the UN peacekeepers never be humiliated or taken hostage again, Chirac threatened to helicopter French troops into beleaguered Srebrenica and, in effect, blackmailed the Americans into accepting that they might have to intervene with troops to help secure their allies' withdrawal. Chirac forced, with US support, the convening of a London conference to agree to NATO air strikes, just as the Croats were discreetly encouraged to challenge the Bosnian Serbs on the ground. The result was a reversal of most Bosnian Serb gains and a transformed battlefield that allowed the gifted diplomacy of Richard Holbrooke at the US air base at Dayton, Ohio, to impose an imperfect peace with the presence of 20,000 US troops as part of a NATO contingent.

Europe's own part in the grand design of the Clinton Doctrine was little remarked, largely because it followed hard upon his triumphant visit to the newly peaceful streets of

bombs in London, to the unpredictable health of Russia's leader, to the squalid defiance of some war criminals in the ski resort capital of the self-styled Srpska republic in Bosnia. Even his Clinton Doctrine was bruised by rows with Europe and Canada over the US insistence on laws that could punish others from trading with countries the US deemed beyond the pale, like Cuba and Iran.

But with the nuclear teeth drawn from Kazakhstan and Ukraine and a cease-fire in Bosnia, the world was a palpably safer place at the end of Clinton's first term. And if the grand design of the Clinton Doctrine survives its rows with China and the disputes with its closest trading partners over extra-territorial laws, then Clinton's vision may yet see him hailed by historians as an essential architect of the post cold war world. ☺

Martin Walker is a contributing editor for EUROPE, the Washington bureau chief of the British newspaper the Guardian, and author of the recently published The President We Deserve: Bill Clinton's Rise and Falls and Comebacks.

The first US president to have been educated overseas, Clinton's two years at Oxford, from 1968–70, encouraged Europeans, and a lot of complacent Englishmen, to assume when he was first elected that he was one of them at heart.

Why not? The ambitious young meritocrat from Arkansas came to the dreaming spires and found a place he could finally relax. Academic discipline was loose. He had to produce one essay a week, and there was no requirement for Rhodes scholars to get a degree. He played basketball and became an enthusiastic, if clumsy, forward on his college rugby team.

Clinton discovered Indian curries, gently heckled Germaine Greer at an early feminist meeting, and threw one spectacular birthday party on the medieval roof of University college—complete with an Arkansas-style barbecue—that is still remembered. His German student friend Rudi Loewe recalls that the black velvet, a lethal mix of champagne and Guinness stout, never quite ran out.

Clinton once told me he read 300 books in that first year, plunging into Koestler and Hemingway and Orwell before a trip to Spain. He devoured Dylan Thomas before making a pilgrimage to the poet's Welsh birthplace. He read Pasternak and *War and Peace* before he made a Christmas vacation trip to Moscow and Eastern Europe.

He befriended his college porter, spending hours drinking his strong tea in the gloomy lodge, socialized joyously with girls, and experimented with cannabis.

He enjoyed England but, like most of the American students, was constantly haunted by the overhanging threat of the Vietnam war and the draft. He helped organize one dignified demonstration against the war, a prayer vigil. But this inveterate politician took little part in the student politics of the time nor in the Oxford Union, the debating society. Instead, he made wide contacts and enduring friends, not least among his fellow Americans.

Clinton's Washington in 1993 was like Oxford on the Potomac. The Rhodes scholar in the Oval Office was joined by three more among the current senior White House staff, Bruce Reed, George Stephanopoulos, and Ira Magaziner. Another Rhodes scholar, Jim Woolsey, ran the CIA. Strobe Talbott was deputy secretary at the State Department. Walter Slocombe was at the Pentagon, and Robert Reich and Tom Williamson were at the Labor Department. David Souter sat on the Supreme Court. James Billington was librarian of Congress, and there were six Rhodes scholars in the Senate (Sarbanes, Feingold, Boren, Lugar, Pressler, and Bradley.)



CLINTON AT OXFORD

In his first year at Oxford, Clinton said he read 300 books, from Dostoyevsky to Hemingway.

And yet the Clinton administration was to prove a great disappointment to the British establishment, as it has casually presided over the twilight of the Anglo-American special relationship.

Clinton and his fellows felt, on the whole, only limited nostalgia for Britain as a result of their time at Oxford. As much as pellucid May mornings punting on the Isis and sunsets gilding the dreaming spires, they recalled snooty undergraduates, languid dons, cold rooms, and bad food. From the vantage point of an elite enclave, they experienced Britain as a country in evident decline. The contradiction was sharp between the snobbish complacencies of Oxford and the wider realities of a fading British grandeur. Their memories were colored by strikes in the 1960s and 1970s, by the politics of class war in Mrs. Thatcher's 1980s, all against the background of a simmering conflict in Northern Ireland, and punctuated by bomb alerts.

President Clinton has since mused with friends about returning one day for a while to teach, read, and think. Maybe Oxford's magic was still, slowly, at work. ☺

—Martin Walker

The GOP presidential nominee has been out front on the need to expand NATO membership as soon as possible to the new democracies of Central and Eastern Europe. "Poland, Hungary, and the Czech Republic should be offered full NATO membership today. Many other nations from Slovenia to the Baltics rightly aspire to this goal...NATO enlargement is a process that should begin with Poland, Hungary, and the Czech Republic—but it should not end there."

Continuing his speech before the Philadelphia World Affairs Council, Dole stated, "When I am elected president, I will urge NATO to begin accession talks with Poland, Hungary, and the Czech Republic and to set the goal of welcoming new NATO members at a summit in Prague in 1998—the sixtieth anniversary of the betrayal of Munich, the fiftieth anniversary of the communist takeover of Czechoslovakia, and the thirtieth anniversary of the Soviet invasion. There could be no more appropriate year or appropriate place to declare that Central Europe has become a permanent part of the Atlantic community."

Dole also says he "will actively promote cooperative ef-

forts in NATO to develop and deploy Europe-wide missile defenses to protect against missile attack by rogue states poised on NATO's southern flank."

Criticizing President Bill Clinton's policy toward Russia, Dole argues that he will not grant Russia a veto over NATO enlargement. "The Russians should be told that NATO is a defensive alliance. It is not now and never has been the NATO of the old Soviet propaganda."

Continuing to discuss his views on Russia he comments, "As president, my foreign policy will strive to consolidate our cold war victory in Europe. I will replace President Clinton's misguided romanticism with leadership for a new century—a century that can realize the peaceful promise of a new Europe—leadership that will avoid the mistakes that led to so much bloodshed in the century we are now leaving behind."

"My policy will reinforce the independence of all the states of the former Soviet Union, will support the new democracies of Europe, will lead to the enlargement of the North Atlantic Alliance, and will advance effective counter-



At a rally in Illinois, Bob Dole preaches the principles of pragmatic American leadership in Europe and the world.

proliferation measures. In doing so, I will deal with the Russia that exists today—not the Russia we all hope to see.”

The veteran politician is adamant about deploying a new missile system that many analysts say is reminiscent of former president Ronald Reagan’s Star Wars missile proposal. “When I am president, we will deploy an effective national missile defense. We can afford it. We can do it. We should begin now.” As he strongly stated in his acceptance speech in San Diego, “And on my first day in office, I will put America on a course that will end our vulnerability to missile attack and rebuild our armed forces.”



“American industries do not need protection; they need competition. Where there is truly free trade, US businesses have prospered, and the US economy has grown.”

When asked about the core interests of the United States, Dole responds that America needs to “strengthen international free trade and expand US access to global markets.” He goes on to state that “our interests and ideals converge in support for free market economies and democratic pluralism as well.”

It is therefore somewhat ironic that Dole, known throughout his career as a free trader, has called for the elimination of

DOLE HAS BEEN A BELIEVER IN FREE TRADE. HE SUPPORTED BOTH THE GATT AGREEMENT AND THE NORTH AMERICAN FREE TRADE AGREEMENT (NAFTA).

In his last several years in the Senate, Dole was outspoken in his support for more aggressive action in Bosnia, including lifting the arms embargo to give the Bosnians weapons in their fight against the Serbs. He helped bring about support for sending nearly 20,000 American troops to Bosnia as part of the present IFOR contingent that includes 40,000 troops from European nations.

“Unless we move to train and equip the Bosnians, the US and NATO will face a ‘stay or fail’ dilemma in Bosnia: either pull out and ignore the resulting disaster or become involved in an open-ended commitment with no clear purpose, no achievable mission, and no realistic exit strategy.”

The native of Russell, Kansas, does not believe in multilateral approaches to solving the world’s problems. “Multilateralism, we don’t need that anymore,” he comments. He is no fan of the United Nations. In an article in *Foreign Policy*, he wrote that “the United States should not look to the United Nations first, but to itself and its allies—preserving alliances inherited from the cold war and leading to create new ones where necessary.” He does not believe in “subcontracting American foreign policy and subordinating American sovereignty.”

And, as he repeats often as he did in his acceptance speech in San Diego, “When I am president, every man and woman in our armed forces will know the president is his commander-in-chief—not Boutros Boutros Ghali or any other UN secretary-general.”

Throughout his public career, Dole has been a good friend of the American farmer. With the goal of helping American farmers increase their exports of grain and other commodities and products, Dole has been a believer in free trade. He supported both the GATT agreement and the North American Free Trade Agreement (NAFTA). The former senator from the agricultural state of Kansas says,

the Commerce Department, which is very instrumental in promoting American trade and commercial interests around the world. Dole supports a proposal to create a more powerful Department of Trade.

During the campaign, Dole has commented that the US would best serve its interests by pursuing its own course and not that set by the WTO’s governing board. In his acceptance speech at the GOP convention Dole said, “My administration will fully enforce our trade laws and not let our national sovereignty be infringed by the World Trade Organization or any other international body.”

The man who hopes to become the president to lead America into the 21st century says, “The hope of the world still rests, as it has throughout this century, on American leadership. There is no escaping the fact that only America can lead—others cannot or will not or should not. How firmly we grasp the remarkable opportunities before us in Europe will determine whether the next century repeats the violence and tragedy of the last or opens up a new era of peace, freedom, and security.”

Discussing Europe and American leadership, he goes on to say that “the United States, as the only global power, must lead. Europe—as individual states or as a collective—cannot.”

A Dole administration would most likely stress consistency, strength, and steadiness in foreign policy. Dole throughout the campaign discusses his leadership abilities and says, “Leadership does not consist of posing questions for international debate. Leadership consists of proposing and achieving solutions.... Leadership is also saying what you mean, meaning what you say, and sticking to it. That includes a willingness to use American force when required.”

What would a Dole administration look like? Robert Joseph Dole has stated that he is an admirer of former president Dwight Eisenhower and might run his administration in much the same way as “Ike.” ☺

Robert J. Guttman is EUROPE’s editor in chief. Daniel P. Galo reported on the 1992 elections for EUROPE.

It was the largest party ever in the history of Castel D'Aiano, a small village with 1,800 residents in the Apennine Mountains, in northern Italy. On August 16, more than 6,000 people turned out for a festival that lasted from four in the afternoon until the early hours of the morning and included a Dixieland band, a Sherman tank, hundreds of American and Italian flags, and a six by nine foot image of their friend, presidential candidate Bob Dole, plastered on the front wall of the town hall.

Held the day after he received the presidential nomination at the Republican national convention in San Diego, the "Great Party for Bob Dole's Nomination" recognized the friendship that has existed between the people of Castel D'Aiano and Dole for nearly 35 years. Though the town is located in the conspicuously leftist Emilia-Romagna region, around Bologna, the party had little to do with politics. "We support Bob Dole and his campaign for president because he is a friend and an honorary citizen of Castel D'Aiano," says Gabriele Ronchetti, a real estate agent, journalist, and spokesman for the Bob Dole Committee. "Many of us may vote for the Left in Italian elections, but our friendship with Dole doesn't have anything to do with whether he is a Republican or a Democrat."

Bob Dole's relationship with Castel D'Aiano began 51 years ago on April 14, 1945, just weeks before the end of the war. The young Lieutenant Dole, as a member of the 10th Mountain Division, was completing a final assault against the German lines. Castel D'Aiano, located along a strategic road from Bologna to Pisa, had already been leveled by American bombardments, but German troops still controlled the area. It was here, on a hill known on military maps as Monte della Spè, that Lieutenant Dole was wounded by German fire.

Seventeen years later, Bob Dole, as a young member of Congress, came back to find the place that had haunted him for years. It was during the fall of 1962 when he and his translator stepped out of a black Cadillac in front of Ristorante Tondi in the main square in Castel D'Aiano and asked the owner Pietro Tondi if he could help him find that spot. "He asked me to help him find Monte della Spè, but locally that hill goes by another name, Monte della Madonnina (Mountain of the Little Madonna). I didn't realize what he was referring to. Then all of a sudden he just recognized it on his own in the distance."

It was a moving moment for both men and the beginning of a great friendship between the Tondi family, other residents of Castel D'Aiano, and Bob Dole. A friendship



BOB DOLE'S ITALIAN CONNECTION

By Saskia Reilly

Bob Dole served as a lieutenant in the 10th Mountain Division during World War II.

sealed with seven visits, late night conversations, and most importantly big steaming bowls of tortellini, Dole's favorite Italian dish and Pietro Tondi's pasta specialty. "He came all the way from Pisa just for my tortellini," says Tondi,

referring to a visit when Dole refused to eat until he had arrived at Castel D'Aiano.

It is a friendship that culminated in the enormous nomination party, and while 6,000 Italian supporters may not help Dole on election day, the residents of Castel D'Aiano have taken their lobbying efforts one step further. "We've brought the Dole for president campaign across the Atlantic," says Pietro degli Esposti, dedicated head of the local tourism office and president of the local Bob Dole for President Committee. "A few days after the party, a group of American tourists passed through town visiting relatives. They were declared Democrats, but over a drink, I convinced them all to vote for Dole. One woman even paid the 50,000 lira to join our committee and get the membership card."

As yet another symbol of his ties to this town, Bob Dole has already invited 40 residents of Castel D'Aiano to what he hopes will be his inaugural ball in January 1997. ☺

Saskia Reilly is a journalist based in Rome.

There's no such thing as an average member of the European Parliament. The 626 men and women elected to the Strasbourg chamber two years ago represent 15 countries, belong to scores of political parties, and speak in 11 different languages.

Even that wouldn't matter if they were all driven by the same ambitions. They aren't. For some (though they are declining in number) the EP is a kind of political retirement home after a lifetime of public service in their own country. Others see the EP as a stepping stone to high office elsewhere. But there are many who believe passionately in Europe and are ready to dedicate their working lives to making the EP effective and using it to further their ideals.

POLITICS

Whatever the goal, anybody who aspires to election to Strasbourg has to do it through a political party in his or her own country. You have to be a conservative, a socialist, a liberal, a green, a communist, or a neo-fascist first—a European second.

And depending on where you come from, the route to a seat will vary greatly. Each country elects its members of the European Parliament (MEPs) the same way it elects its national members. In the United Kingdom a candidate is selected by a party to fight a specific geographical constituency and will be elected simply by winning most of the votes cast in it—the so-called “first past the post” system.

The other 14 EU countries broadly use some form of proportional representation, often using lists of candidates drawn up by the parties to contest a region or even the whole country. Germans have two votes—one for the direct election of a candidate in a single-member constituency, the other for a party list.

French MEPs are elected through a two-round system based on single-member constituencies, while Italy applies a regional allocation of votes if no candidate wins 65 percent or more. Most other countries use various forms of a proportional system to ensure that the number of MEPs elected corresponds closely to the national vote for the party.

Seats are allocated to countries broadly in line with their population so that Germany has 99 and Britain, France, and Italy 87 each. However tiny Luxembourg, with only 0.1 percent of the EU's population, still gets six Euro seats.

Few MEPs can claim to have massive popular backing: in 1994 only 56.5 percent of the EU electorate cast a vote even though voting is compulsory in Belgium, Luxembourg, and Greece.

The pay of MEPs is the same as that paid for members of the national parliaments which means that Italians and Austrians get around \$11,000 a month—nearly four times as

much as members from Greece, Spain, and Portugal. In almost every country the MEPs are better off than their national counterparts, however, thanks to generous European travel, accommodation, and staff allowances.

But money apart, what do MEPs get out of their job? *EUROPE* asked three strikingly different members.

Niels Sindal, 46, is a Danish Social Democrat with a merchant navy family background. As a child he traveled and lived abroad, an experience that left him with a strong taste for international affairs. Active in politics from student days, Sindal was for many years a local councilor and deputy mayor before becoming an MEP in 1994.

“For me, the national parliament was not that interesting so I took a step over it, from the local council to the European Parliament,” he says.

The European Parliament does good work, he believes, but “it should be developed in a more serious way.” Too



Running for the European Parliament

By Alan Osborn



The Union for French Democracy party (UDF) presented its candidates for the 1995 European Parliament elections at a Paris rally. The way in which MEPs are elected varies among the member countries.

much time was wasted on unnecessary questions and drafts. Another major complaint is that “many members are too close to companies—and not just Conservatives but my own comrades.” Sindal was particularly dismayed by the extent of lobbying of MEPs by big business, though he believes things are improving.

Anne McIntosh, 41, is a Scottish lawyer who makes no secret of her devotion to the British Conservative Party and her determination to enter the House of Commons. Like many UK members, she is unhappy about the time she has to spend traveling, largely caused by the need for MEPs to attend monthly sittings in Strasbourg and political meetings in Brussels.

“The greatest problem we face is that we have no single seat of work,” she says. “We’ve got Brussels and Strasbourg continuing to vie with each other. It’s all getting a bit silly. Not only are we suffering, but the taxpayers are having to foot a higher bill by renting two grandiose properties.”

McIntosh is skeptical about the possibilities offered by the EP for an ambitious person. “There isn’t really any career structure,” she explains. “To be sure there are committees and group chairmanships and the presidency, but none of these positions really relates to the electorate at home.”

McIntosh argues that there is a serious lack of understanding in Britain of the way the EU works and how decisions are taken, and for that reason it is important to have people with EP experience, like herself, in the House of

Commons. But there is also a personal reason. Her husband works in London. “If I hadn’t married I’d have been very happy to stay in the EP, but it’s difficult to combine all the traveling with a satisfying home life.”

For some people democracy itself, not just the EP, is the real novelty. Elisabeth Schroedter, 37, spent many years working as an undercover political activist to promote citizens’ rights in the former East Germany. She paid for it by being deprived of a university education among other things. But then the Berlin Wall came down in October 1989. “That moment was the summit of my life,” she says.

Now a German member of the Green Group in the EP, Schroedter relishes the diversity of opinion and freedom of expression she finds in Strasbourg. Inevitably German questions—from nationalism to the need for EU aid to the regions of former East Germany—have become her immediate concern, but she is sensible to the problems of the EP itself.

Yes, she would advise a young person starting a political career to try and enter the EP, she says, “but the Parliament needs more power.” She regrets the way MEPs’ decisions are swept away by national parliaments and deplores the way political groups mix up national with European interests. The Green Group, she says, is exceptional in being genuinely international. ☺

Alan Osborn is EUROPE’s Luxembourg correspondent. He profiled the European Parliament in the April issue.

Martine Aubry, Deputy Mayor of Lille (France)

One of the new breed of rising women politicians in France, Madame Aubry has all the credentials to make it to the top. Former labor minister, member of the Socialist Party's national council, and daughter of Jacques Delors, the former president of the European Commission. Madame Aubry, 46, is currently completing her political apprenticeship as deputy mayor of Lille, one of France's major industrial cities.

Her next opportunity for higher office will come in March 1998 when France holds its next parliamentary elections. If unemployment remains high in the run up to Economic and Monetary Union in 1999, the Socialists—and Aubry—could well benefit. She is one of the few left-wingers to have stepped out of line when it comes to offering unequivocal backing for the single currency project. Her qualified skepticism stems from concern about the long-term jobless rate in France. She channeled her energies into her own think tank—the Fondation Agir contre L'Exclusion (Face). Face has set up projects with 80 companies, including French supermarkets, McDonalds, and other businesspeople to get the unemployed back to work, underlining Aubry's reputation as a doer.

Peter Mandelson, Labor Party MP (UK)

One of the brains behind the rise of Tony Blair and the New Labor Party in Britain, Mandelson is also a power behind the throne. Blair calls him Bobby, after Bobby

Kennedy, suggesting that the Labor leader sees himself as Jack. Mandelson's reputation lies somewhere between a Machiavellian schemer, a media manipulator, and a farsighted party reformer. His chance came in the 1987 general election when he orchestrated Neil Kinnock's campaign, which, though unsuccessful, turned in a creditable performance with US-style political marketing. When Kinnock faded, Mandelson, 42, an Oxford graduate and former television producer, latched on to Tony Blair as the agent of change.

Mandelson's formal role is as MP for Hartlepool, a northern working class constituency, and as front bench spokesman on the civil service. But his real power lies in his



Heide Simonis

By Lionel Barber

new

'96 POLITICS

Jacques Delors and Martine Aubry



role as coordinator of Labor's general election planning committee and as head of Labor's new press center at Millbank Tower. This year, in an effort to remold his image as an image-maker into something more substantial, Mandelson co-authored a book outlining New Labor's social democratic program. Insiders predict his elevation to the cabinet if Labor wins. Few doubt that Mandelson's eyes, ultimately, are on the post of foreign secretary.

Heide Simonis, Prime Minister of Schleswig Holstein (Germany)

Once the youngest woman deputy in the Bundestag and still the first and only woman to have held the job of running one of Germany's *länder* (states), Simonis looks like a politician with plenty of gas still left in her tank. Her trademark are stylish rings and fashionable hats which belie her 52 years, but she also has a steely streak. Under her leadership, Schleswig Holstein has been transformed from a poor corner of northwest Germany reliant on shipbuilding, farming, and tourism into a more balanced economy with one of the better growth rates in the country attracting computer and software related jobs.

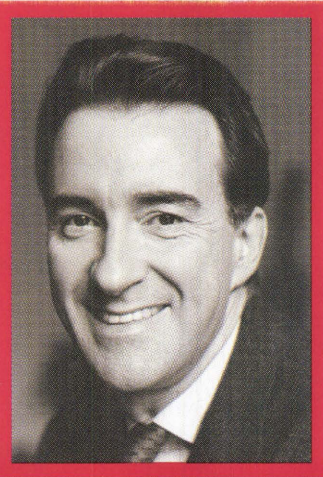
Part of her appeal lies in her willingness to challenge Social Democrat orthodoxy even when it has landed her in trouble with her own fractious party. She pushed longer working hours on the civil service when the party executive voted against it; she was also a vocal critic of Rudolf Scharping when he was the party's candidate for chancellor to replace the formidable Helmut Kohl.

Peter Mandelson

No wonder party insiders are tipping her as a possible candidate for chancellor if the SPD loses against Kohl in the October 1998 election.

**Gijs de Vries, MEP
(Netherlands)**

One of the most articulate and impressive members of the European Parliament, De Vries is leader of the Liberal Group. Although he lacks the power base of the dominant Socialist or center-right



since 1984 and appears to be committed to enhancing the Parliament's role in European decision-making.

Walter Veltroni, Vice President of the Council of Ministers (Italy)

A former newspaper executive, Veltroni is one of the most promising young members of the new center-left government in Italy led by Prime Minister Romano Prodi. In a country where age usually counts as an asset, Veltroni, 40, rose to prominence through his role as campaign coordinator for the Olive

faces in European Politics

European People's Party grouping, De Vries compensates with his command of international relations and economic policy.

Born in New York and a graduate of the University of Leiden's law faculty, De Vries is particularly strong on US-EU relations, serving as chairman of the board of the Netherlands Atlantic Commission, and as a member of the US delegation in 1992-94 where he spoke often and eloquently on the need for a GATT Uruguay Round agreement and US engagement in Europe's affairs. He is also a co-founder of the influential Transatlantic Policy Network, the Brussels-Washington forum for business and political exchanges. More recently, he has served as a member of the Parliament's central Asia and Mongolia delegation, as well as a substitute for the EU-Cyprus joint parliamentary delegation. De Vries has served as an MEP

Walter Veltroni



Coalition which triumphed in last spring's parliamentary elections. He was the crucial link between the PDS, the reformed rump of the old Communist Party, and Prodi, the cerebral professor and agent of

change in Italy. But Veltroni has already made a reputation as an innovator during his stint as executive director of *Unita*, the former communist daily, where he boosted circulation with gimmicks, such as offering football cards, copies of the gospel (with Vatican approval), and movies on cassette along with the Saturday newspaper, a practice soon adopted by others. Veltroni is an Americanophile, an admirer of the Kennedys, and a passionate advocate of the advantages of information technology. His political future looks promising, particularly if he succeeds with his vision of transforming the center-left coalition into a new social democratic party. But much depends on if he can better Massimo d'Alema, general secretary of the PDS and the man who controls the party machine, at the September party convention. ☹



Gijs de Vries

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

Please note there is a \$4.00 shipping and handling charge per shipment of free publications requested from the Bookshelf. Payment must be in the form of a check or money order payable to: E.C. Delegation.

EU BOOKSHELF

OCTOBER 1996

To order these publications, please check the desired items, fill out the order form and enclose a self-addressed mailing label.

The European Union: Member States, Regions and Administrative Units. *Commission, Brussels, 1996.* Small wall map. **Free**

Economic and Monetary Union. *Commission, Brussels, 1996, 24 pages.* Basic information on the EMU and the changeover to the single currency. **Free**

The European Councils: Conclusions of the Presidency 1995. *Commission, Brussels, 1995, 103 pages.* Official documents from the Cannes and Madrid European Council meetings. **Free**

Facts Through Figures: A Statistical Portrait of the European Union 1996. *Statistical Office, Luxembourg, 1996, 28 pages.* **Free**

The Information Society. *Europe on the Move, Commission, Brussels, 1996, 15 pages.* **Free**

EIB Borrowing Strategy and Techniques. *EIB Information No. 88, European Investment Bank, Luxembourg, 1996, 16 pages.* **Free**

Sysmin and Mining Development. *Development, Commission, Brussels, January 1996, 22 pages.* Outline of the special financial facility for supporting the mining industry in ACP countries. **Free**

European Union Action in Humanitarian Aid 1995. *Commission, Brussels, 1996, 41 pages.* **Free**

General Report on the Activities of the European Union: 29th Edition. *March 1996, Pbk, ISBN 92-827-5897-4.* Gives an overview of the recent activities of the European Union with details of the relationship between the EU and other institutions. You will find information on developments in the EU finance sectors including news of budget drafts, revenue, expenditures, and financial perspectives. Data on EU research, technology, employment, education, and social policies is provided as well. **\$50**

Migration Statistics: 1995. *January 1996, 136 pages, ISBN 92-827-5351-4.* Contains the latest statistical

figures on immigrant resident population and the flows of migrants, asylum-seekers and refugees, including acquisitions of citizenship in the Member States. Categories for population by citizenship; age group and sex; and population by citizenship and region are included. **\$19**

Balance of Payments of the Community Institutions: 1994. *April 1996, 111 pp, ISBN 92-5539-8.* Provides a periodic assessment of the balance of payments for Member States of the EU. Figures are aggregated using accounting documents and financial statements. The geographical breakdown of each current account has been calculated using the information provided by the institutions along with additional EUROSTAT estimates. With tables and figures. **\$18**

Carriage of Goods: Railways: 1992. *February 1996, ISBN 92-827-5744-7.* Covers statistics on the carriage of goods on the European

Union's mail railway networks. Details data on national and international traffic by link and month; by container and road or rail; and by group of goods. Information on transit, national, and regional traffic is also given. Types of goods studied in this report include chemicals, engines, metal, live animals, wood, animal fodder, and more. **\$35**

EU External Trade Indices: 1994. *March 1996, ISBN 92-827-5823-0.* This publication presents external trade unit value and volume indices for the Economic Community as a whole, calculated by EUROSTAT from the Harmonized Nimexe data. Tables include indices for intra- and extra- EC trade in many groups, covering the following classification: SITC for total trade, section and divisions; BEC for consumption goods, capital goods, intermediate goods; NACE CLIOR 44 branches giving indices by groups of industries; Nimexe chapters; and much more. **\$65**

ORDER FORM—FREE PUBLICATIONS

Mail to Bookshelf Orders, European Union, 2300 M Street, N.W., Washington, D.C. 20037.

Please send me the free items I have checked. **Enclosed is a self-addressed mailing label.**

Enclosed is \$4.00 check or money order for shipping and handling payable to E.C. Delegation.

Orders accepted for shipment to U.S. addresses only.
Please allow 3 weeks for delivery.

Name _____
Organization _____
Address _____
City _____ State _____ Zip _____

ORDER FORM—PRICE PUBLICATIONS

Mail to UNIPUB, 4611-F Assembly Drive, Lanham, MD 20706-4391. 1-800-274-4888 (US), 1-800-233-0504 (Canada), 1-301-459-7666.

Please send me the price publications I have checked above. **NOTE:** Add postage and handling as follows: US, 5% or \$4.00 min. Canada & Mexico, 8% or \$5.00 min. Outside North America, 20% or \$12.00 min. MD and NY add applicable sales tax. Canada add GST. A \$15.00 rush service fee will be applied to all rush orders.

____ My check for \$_____ is enclosed. (Orders from individuals **MUST BE PREPAID** before publications are sent.)

____ Please send me the free European Community Catalog of Publications.

VISA MasterCard Number _____

Expiration date _____ Signature _____

Name _____

Organization _____

Address _____

City _____ State _____ Zip _____

Inside EUROPE

OCTOBER 1996

VOLUME IV/NUMBER 9

EU NEWS

SIMITIS WINS GREEK ELECTIONS

The Panhellenic Socialist Movement's (Pasok) clear victory in Greece's recent parliamentary elections marks the third jewel in Prime Minister Costas Simitis's triple crown run to the top of Greek politics. After his party won 162 seats in Greece's 300 seat unicameral Parliament, Simitis guaranteed that, at least for the near term, he will have the political mobility to continue the reform program begun after he took over from the late former prime minister and Pasok founder Andreas Papandreou.

Simitis, a 60 year old economist, moved to the forefront of Greek politics last spring when he won a Pasok parliamentary vote to succeed the ailing Papandreou. In June, Simitis emerged victorious again, winning the party leadership at a Pasok congress. He then called for early parliamentary elections, but the gamble appeared as if it might come back to haunt him. With just two weeks of campaigning left, Pasok ran neck and neck with the opposition New Democracy Party, headed by former Athens mayor Miltiades Evert. However, when the returns came in, the New Democrats had faded and Pasok had won going away, with 41 percent of the vote, giving Simitis an absolute parliamentary majority.

The loss was especially devastating to the New Democrats. Within hours of the final returns, Evert had resigned the party leadership, which further added to the opposition party's disarray.

Simitis, bolstered by his strong victory, quickly moved to strengthen his position as leader within Pasok, shuffling his cabinet to isolate some of his rivals and include some new faces.

Two rivals for the Pasok leadership and members of Simitis's former cabinet, Akis Tsohatzopoulos and Gerasimos Arsenis, were reassigned to new positions. Tsohatzopoulos moves from interior minister to defense minister, and Arsenis, the former defense minister, now heads the education ministry.

Other moves include giving the finance portfolio to Economy Minister Yiannos Papantoniou, who succeeded in cutting last year's double digit inflation to August's 8.5 percent. The former finance minister, Alex Papadopoulos, moves to head the interior ministry. Theodoros Pangalos remains the foreign minister, but he will share some duties with former education minister George Papandreou, son of the late prime minister.

Simitis also added a second woman to his cabinet. Vasso Papandreou remains development minister, and Elisabeth Papazoi becomes the new minister for the Aegean and is charged with furthering the Greek islands' economic development.

This election marked a significant departure from past Greek elections, especially those of the Papandreou era. Gone were the impassioned speeches at flag-festooned rallies with slogan-chanting supporters. Instead, the candidates adhered to low key campaigns that remained focused on the issues. Simitis had declared soon after calling for elections that Pasok did not "plan a campaign with plastic flags, fake portraits, or expensive artificial gatherings." Furthermore, he said that he hoped the campaign would "raise the quality of our political life." The campaign proved to be so low key that officials did not assign military patrols to the polling stations and the ban on election day alcohol sales was lifted.

Simitis's career has come full circle. As a British and German educated economist, he served as finance minister in the Papandreou cabinet during the mid-1980s only to be forced out for advocating the same types of austerity measures he successfully campaigned on this fall.

Now with a four year term ahead of him, Simitis faces major challenges. Bringing Greece in line with the other EU economies and pushing to meet the criteria for joining the single currency is the heart of his economic philosophy. First, he must find a way to reduce Greece's budget deficit, which currently represents 9.2 percent of gross domestic product (GDP). Even if he succeeds in cutting next year's budget deficit by a third (which would require more than \$2 billion in spending cuts), it would still far exceed the 3 percent maximum allowed by the EU's single currency criteria.

Foreign policy poses Greece's second major challenge. Tensions with Turkey heightened considerably in the last year, and domestic support for increased military spending doesn't jibe with Simitis's economic austerity plan. Diplomatic observers expect the prime minister to continue to lobby his EU partners as well as Washington and other international organizations to pressure Turkey in various regional disputes. But true to his understated personality, Simitis is expected to remain firm yet non confrontational.

—Peter Gwin

EU FINANCIAL LEADERS MEET IN DUBLIN

The recent Dublin meeting of EU finance ministers and central bank governors produced some encouraging results in the drive for a single European currency.

Most notably, the officials agreed to a framework for enforcing stability once the new currency is implemented. Inflation wary German officials had sought tough measures to keep public spending in check among the countries participating in the single currency. Under the rules for inclusion in the single currency—set by the Maastricht Treaty—countries must meet specific spending targets, one of which is that a country's budget deficit cannot exceed 3 percent of GDP.

The Friday before the weekend meeting, German Finance Minister Theo Waigel and his French counterpart, Jean Arthuis, published a joint article in the *International Herald Tribune* that helped to set the positive tone for the meeting. "We are more than ever convinced that European monetary union will become a great success, and we have common views on all the important issues that remain to be resolved beforehand," they wrote.

Further good news came from Italian Treasury and Budget Minister Carlo Ciampi, who announced after the meeting that Italy would make "strong and substantial progress in getting closer to the 3 percent target."

EU KEEPS DEADLINE FOR MAASTRICHT II

The 15 EU leaders meeting in Dublin Oct. 5-6 agreed to maintain their original timetable for rewriting the EU's constitution by June 1997. The process, known as the intergovernmental conference (IGC), began in earnest earlier this year as leaders have gathered at a series of meetings to revise the structure of the EU in anticipation of adding new members.

The negotiations appear to have settled around four major areas: foreign and security policy; justice and home affairs; allowing members a general "flexibility" to integrate at their own pace; and reformation of EU institutions and decision-making procedures.

Consensus has already emerged among the group on at least some of the major issues. Leaders appear to favor the establishment of a "high representative" to speak for the EU in foreign policy and a new "super commissioner" to handle trade and external political affairs. Additionally, support is growing among the group for a streamlining of the way justice and home affairs policies are administered.

Other issues remain more contentious, notably adding an employment section to the new treaty. Also, institutional reform and a re-weighting of the Commission's voting system to favor the larger, more populated members have been put on hold.

EU TAKES US TO WTO OVER HELMS-BURTON

EU foreign ministers formally requested that the World Trade Organization (WTO) create a panel to rule on the Helms-Burton law, taking one step further the disagreement over the new US law affecting third party countries who trade with Cuba.

The US is expected to block the creation of the panel, a move in accordance with the body's rules, but the EU could override such a block with a second request for a panel.

The Helms-Burton law, which has been condemned by almost all major US trading partners, including Canada and Mexico, allows US citizens to sue foreign firms who invest in Cuban property confiscated after the 1959 Cuban revolution.

Many in the international trade community had hoped that the issue could be resolved without resorting to the panel process. US officials say the issue is a matter of national security, covered by an untested provision of long-existing world trade rules which allows any WTO member to suspend operation of overall trade agreements.

Some trade analysts say that trying out that provision could open the way for any country to ignore WTO rules under the broad guise of "national security."

In addition to its request for a panel, the EU has set up a watch list of US parties who file actions citing the Helms-Burton law against companies and individuals from EU countries. The EU has also written counter legislation, to be adopted by the Council of EU Ministers, prohibiting the recognition or enforcement of judgments or administrative decisions based on the US law.

EU CALLS FOR RESTRAINT IN MID-EAST

The EU called on Israeli and Palestinian leaders to exercise the utmost restraint and to refrain from any actions or words which might lead to further violence.

Citing separate discussions with Israeli Foreign Minister David Levy in New York and Palestinian President Yasser Arafat in Luxembourg, the EU Troika (comprising officials from the current EU presidency, Ireland, and the previous and next presidencies, Italy and the Netherlands, respectively) called on the Palestinian Authority to exert full control over Palestinian forces and for Israel to match its stated commitment to the Peace Process with concrete actions to fulfill its obligations. The EU will be appointing a special Middle East envoy in the very near future.

WHAT THEY SAID

"We are interested in bringing Russia into the security structure of Europe. In this circle of security, we want Russia to be inside, participating in it, not outside."

—William Perry, secretary of defense, on his recent trip to Finland and Sweden

"The longest sought-after, hardest fought prize in arms control history."

—President Bill Clinton, discussing his signing of the nuclear test-ban treaty

"What we don't want to build is a European fortress with closed frontiers. We are supporters of free world trade."

—Helmut Kohl, German chancellor, in a speech during his visit to Mexico City last month

"Even among the intellectual elite, EMU is more associated with the big bird roaming the Australian outback than with monetary union."

—Mieczyslaw Karczmar, Deutsche Bank economic advisor, discussing the indifference of most Americans toward European monetary union

BALKAN SUMMIT PLANNED FOR DECEMBER

Faced with the prospect of keeping international troops in Bosnia well into next year, Western leaders plan to meet in London in December to discuss the situation.

With the Bosnian elections successfully completed, a critical step in the Dayton Peace Accords has been met. Preliminary election results gave 731,024 votes to Alija Izetbegovic, a Muslim; 690,130 for Momcilo Krajisnik, the ultra nationalist speaker of parliament in Bosnia's separatist Serb Republic; and 329,891 votes to Kresimir Zubak, the Croat candidate. Izetbegovic will have the senior position in the tripartite presidency.

NATO officials foresee extending their role in Bosnia past the original, self-imposed December withdrawal date. The summit planned for this December will help both Bosnian officials and NATO further evaluate the situation.

Foreign ministers of the European Union, meeting in Dublin last month, endorsed the idea of a two year civilian "peace consolidation" program in Bosnia, an idea first proposed by France. "I think it is evident there is going to be a long-term engagement...both military and civilian," said Irish Foreign Minister Dick Spring after the meeting.

ROMANIA AND HUNGARY SIGN EU TREATY

Romania and Hungary have come one step closer to membership in the EU by signing the "basic treaty" on September

16. The treaty guarantees that existing frontiers cannot be violated and human rights of ethnic minorities must be protected. It was signed by Hungarian Prime Minister Gyula Horn and Romanian President Ion Iliescu in Timisoara, Romania.

A prerequisite for EU membership for Eastern European nations like Hungary and Romania is that they first mend their relations with neighboring countries. Tensions between the two countries have existed partly because of a significant Hungarian minority in Romania.

Speaking to the parliamentary assembly of the 39 nation Council of Europe, Portuguese President Jorge Sampaio stressed the importance of the enlargement of the EU to include the Eastern European nations. Enlargement, he said was "decisive both to consolidate democratic governments and to guarantee stability and security in a vast European region."

POPE'S VISIT SPARKS MINOR PROTEST

Pope John Paul II's tribute to the one thousand five hundredth anniversary of the baptism of Clovis sparked protest on the streets of Paris. Clovis was the first West European king to convert to Roman Catholicism.

Protesters said the celebration violated the ideals of the French Revolution and France's secular traditions. They said Clovis was a tyrant who has been used as a symbol of France's "supposed" Catholicism.

Opinion polls showed that most in France were indifferent to the visit. Church officials said the estimated 3,000 protesters represented a tiny minority.

BUSINESS BRIEFS

European firms are the biggest spenders in 41 American states, supporting 6 million jobs with \$384 billion of investments, and Atlantic trade is twice as great as trans-Pacific commerce.

These statistics, in a report by the **European-American Chamber of Commerce**, put into perspective the transatlantic row over US sanctions over Cuba which affect only a few hundred million dollars of EU-US trade.

The world's biggest commercial relationship involved \$776 billion in cross investment and \$412 billion in two-way trade last year, up from \$500 billion and \$224 billion respectively in 1994.

European investment in the US is focused on manufacturing, accounting for 12.5 percent in this sector.

Europe consolidated its leading role in container shipping with the merger of Britain's **P&O** and the Dutch **Royal Nedlloyd** creating a fleet with 112 ships, 8,000 employees, net assets of \$1.5 billion, and annual revenues of \$4 billion.

The deal catapulted P&O and Royal Nedlloyd from their sixth and seventh global rankings to the top spot ahead of

Maersk Line of Denmark, **Evergreen** of Taiwan, and **Sea-Land** of the US.

The deal leaves P&O to tackle its biggest challenge, the steady loss of traffic to the channel tunnel, possibly via a cooperation agreement with its arch ferry rival **Stena** of Sweden.

LG Group, the acquisitive South Korean industrial giant, plans to invest \$2.5 billion in Europe by the year 2000, with the bulk going to Russia and former communist countries of Central and Eastern Europe.

This spending target is on top of a \$2.6 billion investment in an electronics and computer chip plant in Wales announced in July, which is the largest ever inward investment in Europe.

AT&T, the biggest US telecoms company, faced more challenges in Europe after its arch rival **British Telecom** (BT) forged an alliance with French utility **Generale des Eaux**.

AT&T's **Unisource** venture with the national telephone companies of the Netherlands, Spain, Sweden, and Switzerland had also been seeking a

link with the French firm in a bid to break into Europe's second largest telecoms market after Germany.

AT&T and its partners are still seeking clearance from the European Commission for their venture, which is battling against an alliance between **Deutsche Telecom**, **France Telecom**, and **Sprint**, the US long-distance carrier, and BT and **MCI**, another US carrier, for lucrative corporate communications accounts in the liberalized European telecoms market.

The competition heated up after **WorldCom**, an aggressive US telecoms firm, acquired **MFS Group**, a US company that has picked up some valuable contracts in Europe.

Volkswagen plans to spend an additional \$675 million in China by the year 2000 to counter Japanese and South Korean ambitions in the world's most promising automobile market.

VW, Europe's biggest car manufacturer, has already spent nearly \$2.6 billion in China during the past decade, and its two joint ventures—in Chang-

continued on next page

BUSINESS BRIEFS (CONTINUED)

chun and Shanghai—accounted for around 60 percent of the 320,000 cars made in the country last year.

Counting imported cars, VW had 55 percent of all auto sales in 1995, according to Martin Posth, chairman of VW Asia-Pacific.

VW expects to start exporting cars from China to other Asian nations by 2003 in direct competition with “local” Japanese and Korean manufacturers.

•••

The fierce battle for subscribers in Europe’s pay-television market got even fiercer after France’s **Canal Plus** unveiled plans to merge with the European interests of **NetHold** of South Africa, to create a group worth around \$1.5 billion.

The merger will create one of the biggest television companies in the world with 8.5 million subscribers in Germany, France, Italy, Spain, Scandinavia, and the Benelux nations.

The deal came hard on the heels of the acquisition of **CLT** of Luxembourg by **Bertelsmann**, the German media and publishing giant, and a strategic alliance between Germany’s **Kirch** group and Rupert Murdoch’s **Sky Broadcasting**.

•••

Several of Europe’s most profitable airlines are undergoing savage cost-cutting surgery to survive in the fast approaching era of “open skies.”

British Airways is to shed 5,000 of its 55,000 jobs as part of a plan to save \$1.6 billion over three years and enable the company to compete with the new US-style, no-frills carriers springing up on the eve of total liberalization in the European Union next April.

“The competition is getting better and more efficient,” said BA chief executive Robert Ayling. The voluntarily laid off employees will be replaced by a similar number of more skilled, more flexible workers over the next three years.

Jurgen Weber, the chairman of Germany’s **Lufthansa**, warned employees the airline would go bankrupt without wage cuts and longer working hours. “It can’t be in Germany that an employee has an average of eight weeks holiday and works less than 40 hours a week.”

Swissair also has embarked on a cost-cutting program including a 5 percent pay cut for its pilots, but its recovery depends on the performance of its 49 percent subsidiary, **Sabena**, the Belgian national carrier.

•••

Airbus, the four nation European Aerospace consortium, plans to build a

“flying hotel,” capable of carrying nearly 1,000 people, upstaging its arch rival **Boeing**, which is to build a 550 passenger super jumbo modeled on its best-selling 747.

The announcements rekindled the bitter animosity between the world’s two leading aircraft manufacturers because it underlined the determination of Airbus to break into the market for big jets, until now the preserve of the US firm.

Ron Woodard, president of Boeing’s commercial aircraft division, claimed it would be “financial suicide” for Airbus to compete against Boeing’s planned super jumbo. But John Leahy, a top Airbus executive, retorted that some of the world’s biggest airlines had encouraged Airbus to build a competitor to Boeing.

•••

Alcatel Alsthom, the giant French telecoms equipment and engineering group, submitted a bid to buy **Thomson**, France’s state-owned defense and electronics firm, in a bid to create the world’s second largest defense contractor.

Alcatel said it would seek to find an Asian partner for Thomson’s unprofitable multimedia and consumer electronics division, but first it must beat off rival bidder, **Lagardère**, the French missiles-to-magazines conglomerate.

•••

British Telecom and **NS**, the Dutch state railway, joined forces in a \$600 million venture to create a telephone network to rival **KNP**, the Netherlands’ privatized telephone and postal company.

The new company, **Telfort**, is already offering Dutch-based multinational corporations international connection via **Concert**, the joint venture between **BT** and **MCI**, the second largest US long distance telephone operator.

Telfort plans to capture between 5 percent and 10 percent of the Dutch telecoms market, Europe’s sixth biggest worth about \$9 billion a year, within a decade.

•••

France Telecom, France’s state-owned telecoms group, and **Olivetti**, the troubled Italian computer and telecoms company, were talking about creating a strategic alliance as foreign companies eye their market on the eve of liberalization of the European telecommunications sector.

France Telecom was reportedly mulling taking an equity stake in Olivetti as part of its strategy for partial privatization in 1997. The planned deal would lead to a sweeping reorganization of

Olivetti possibly involving the sale of its loss-making personal computer division.

•••

European auto sales are running at a three year high, but fierce price wars are stopping manufacturers from reaping profits from the unexpected boom.

Sales were up 6 percent in the first half of the year, but some companies reported lower profits as outsiders made inroads into their domestic markets. **Peugeot** of France, for example, saw its first half 1996 profits halved to \$120 million as its domestic market share slipped by 1 percent to 30 percent. **Renault**, another French firm, saw its home market share crash from 31 percent to 26 percent in the first half of the year.

Analysts said the French firms were too dependent on their home markets compared to rivals like **Volkswagen** of Germany, which boosted its French market share by 2 percent to 10 percent. Peugeot and Renault each have less than 5 percent of the German market, Europe’s biggest.

•••

Agco, the US tractor manufacturer, plans to spend up to \$1.5 billion over the next five years buying European farm equipment firms.

The most hotly tipped bid targets are the farm equipment unit of French auto maker **Renault** and **Valmet**, the Finnish engineering group.

Agco already has built up stakes in European firms, including 30 percent of **Dronningborg** of Germany and 25 percent of **Landini** of Italy.

•••

BASF, the German chemicals giant, will invest several billion dollars in chemicals complexes in Malaysia and India modeled on the facilities at its hometown of Ludwigshafen.

—Bruce Barnard

INSIDE EUROPE

Correspondents

Bruce Barnard
Peter Gwin

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.

This year's presidential elections in the United States may seem unusually confusing to American voters accustomed to a direct contest between the champions of two parties, who offer palpably different programs and concepts of government.

By Martin Walker

The European P'96 POLITICAL Landscape

This year, the Reform Party founded by Ross Perot will start making the transition from unique experiment to regular third party status. Ralph Nader will offer a green party alternative in at least four states to complicate the usual also-ran candidacies of the Libertarians and of the leftist Freedom and Justice Party.

But American politics are a model of transparent clarity by comparison with the ideological tangles and national variations in Europe. The confused state of politics in a community of 15 countries is a leading reason for the continuing frustration of those idealists who had hoped for the emergence of a genuinely European political system.

There may be a single European market, a broadly common trade policy, and a bureaucracy in Brussels that tries to deal with the continent as a whole. But Europe as a single political entity, responding to a European electorate and crafting common foreign, defense, and economic policies remains a distant prospect.

'96 POLITICS

Consider an America in which California, Texas, and Ohio were constitutional monarchies and in which Pennsylvania and Florida conducted their elections on the basis of proportional representation. Think of Michigan being run by a government whose largest party was only recently converted from communism and of Illinois being governed by a coalition that included a party that traced its roots to Mussolini's fascist party, and the European complexity begins to take shape.

But this is only the beginning. Consider such an America with a different currency in each state. Think of Cali-

fornia dragging its feet over any attempt to create a single American currency and forever harking back to a supposedly special relationship with Japan. And then consider the centrifugal forces in a country where Texas insists that the main international challenge is to deal with Mexican poverty, while Michigan declares that the menacing and unstable neighbor to the north is far more important. Throw into this mix an unemployment rate that is stuck in double figures and almost stagnant growth rates, and most governments understandably would dread the prospect of elections anytime soon.

Europe is in a mess, much of it inevitable from the triple process of transition it is undergoing. The first is the shift from the cold war, from the front-line status and the defense spending and automatic deference to the essential American ally that went

with it. The second is to devise a modus vivendi with the united Germany, so dominant an economy that its annual GDP is close to those of Britain and France combined. Third time lucky. Every European remembers with dread the last two times Europe was confronted with the prospect of German dominance, in the years before the First and Second World Wars. Perhaps the most potent underlying dynamic of modern Europe is to ensure that no such military outcome is ever unleashed again, and this may be the strongest psychological factor still driving the ideal of European unity.

The third transition is the one that the United States has been making, with markedly more success in this decade, from the old geo-strategic world of the cold war era to the new world of geo-economics and the global market.

The sharpest distinction between

AUSTRIA

Republic: President Thomas Klestil

Bicameral assembly:
Bundesrat and Nationalrat

Social democratic government

Prime Minister: Franz Vranitzky
(below)

Last election: December 1995

Next election: by November 1999

Proportional representation



BELGIUM

Monarchy: King Albert II

Bicameral:
Senate and Chamber of Deputies

Center-left coalition:
Prime Minister Jean-Luc Dehaene
(above)

Last election: May 1995

Next election: May 1998

Proportional representation

DENMARK

Monarchy:
Queen Margrethe

Unicameral parliament: Folketing

Minority left-center coalition:
led by Social Democratic Prime
Minister Poul Nyrup Rasmussen
(below)

Last election: September 1994

Next election: September 1998

Proportional representation



THE ANEMIC ECONOMIES OF EUROPE IN THE MID-1990S HAVE THRUST THE FOCUS OF POLITICS BACK INTO THE FAMILIAR ARENA AND ELECTION TIMETABLES OF THE VARIOUS NATION STATES.

this US election season and the last round in 1992 is that no American candidate ever dared suggest this year, as Paul Tsongas did last time, that "the cold war is over, and Japan and Germany won." Japan has been stalled in no-growth recession since 1991. Germany is ailing, and only Britain among the European economies is close to the happy American combinations of low unemployment and modest growth.

Unlike his 1992 candidacy, President Clinton is not this year speaking with admiration of the job training schemes of Sweden and Germany nor of Britain's National Health Service. For a fleeting moment after the fall of

the Berlin Wall in 1989, it was possible and even fashionable to speak both of an emergent European superpower, about to boom with the new possibilities of the shift to the single market in 1992, and of an admirable European social model.

Europe's welfare states and its mix of the public and private sector then appeared to have found the happy compromise between economic vigor and social provision. What a difference four years can make. Europe proved wretchedly unable to resolve the Balkan war on its doorstep without American leadership and intervention. And Europe's welfare states are in crisis, provoking defensive labor strikes

in France and Germany, mass demonstrations in Italy, and anguished politics of cutbacks rather than growth.

In all the European countries except Britain, the demographic time bomb of the aging baby-boom generation starting to retire and demanding their pensions and costly medical services is far more onerous than in the United States. Sharp declines in European birth rates after 1970 mean even fewer people of working age entering the labor markets to pay for their elders' retirements.

It is both a symptom and cause of the European political problem that these issues are being tackled more at the national than at the Union level.

FINLAND

Republic:

President Martti Ahtisaari

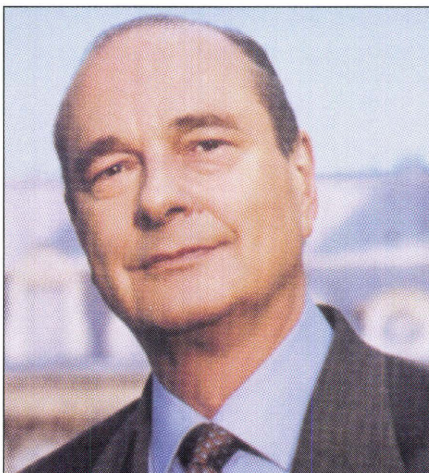
Unicameral parliament: Eduskunta

Center left-center coalition:
led by Social-Democratic Prime
Minister Paavo Lipponen (below)

Last parliamentary elections:
March 1995

Next elections: March 1999

Proportional representation



GERMANY

Republic:

President Roman Herzog

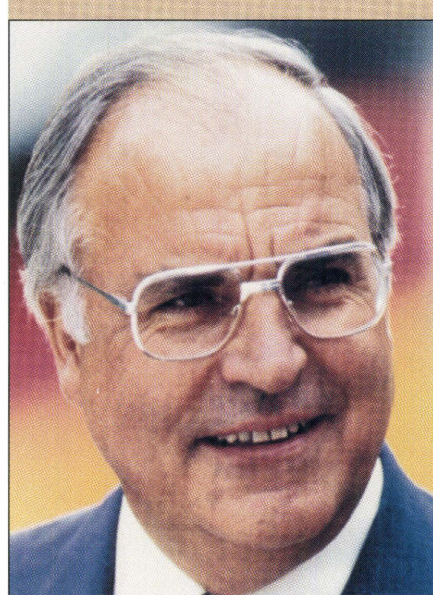
Two Houses: Upper (Bundesrat) and
Lower (Bundestag)

Center-right coalition:
Chancellor Helmut Kohl (below)

Last parliamentary election:
October 1994

Next election: fall 1998

Mixed proportional & direct election



FRANCE

Republic: President Jacques Chirac
(above)

Bicameral: Senate & National Assembly

Center-right coalition:
Prime Minister Alain Juppé

Last parliamentary election: March 1993

Last presidential election: April/May 1995

Next parliamentary election:
by March 1998

Next presidential election:
April/May 2002

Single member constituencies:
direct election

'96 POLITICS

Despite spirited attempts, led by Germany, to improve the EU's "democratic deficit," the European Parliament is still the weak link in the system, overshadowed by the Council of Ministers and by the permanent bureaucracy of the European Commission in Brussels. Moreover, the members of the Council of Ministers, in which agreements are hammered out between the relevant ministers from each country, owe their power to the national governments to which they belong, and their legitimacy to national electorates.

Elections to the European Parliament take place across the Union within a four day period, in an attempt to create a continent-wide constituency. In EP

sessions, members of similar ideological groupings sit together in the hope that trans-national European socialist, social democratic, centrist, and conservative parties will emerge.

But in the elections, each country still uses its own political system, and the issues on which candidates campaign for the voters tend to be more national than European.

Inevitably, the anemic economies of Europe in the mid-1990s have thrust the focus of politics back into the familiar arena and election timetables of the various nation states. The chronology is too confused and unpredictable for coherence. In 1994, there were parliamentary elections in Denmark, Germany, Ireland, Luxembourg, the Netherlands, and Sweden. In 1995, there were elections in Austria, Belgium, France, and Portugal. This year, Spain and Italy held elections, and only the UK and Greece are required to have parliamentary elections next year.

Nor is there any guarantee that these governments, once elected, will serve out a full parliamentary term. Most European governments are coalitions, whose composition can shift. Italy has known more than 50 different governments in the last 50 years. This is not necessarily an unstable system; minority governments in Belgium and the Netherlands are commonplace for prolonged periods while the coalitions shuffle into place. And while most parliaments are elected for a four or five year period, early elections are often called by a British prime minister or a German chancellor or an Italian president. An American presidential election comes along every four years, whatever the state of the opinion polls or the economic cycle. Most European governments can time their elections to suit their re-election chances.

European election campaigns are, therefore, far more concentrated than the American presidential process in

GREECE

Republic:
President Kostas Stephanopoulos

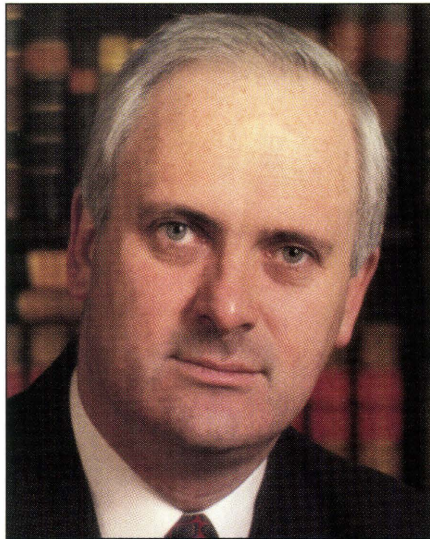
Unicameral parliament: Vouli

Socialist government:
Prime Minister Costas Simitis (below)

Last parliamentary elections:
October 1993

Next elections: by October 2000

Direct election



IRELAND

Republic: President Mary Robinson

Bicameral: Senate and House of Representatives (Dail)

Grand coalition of center-left:
Prime Minister (Taoiseach) John Bruton (above)

Last election: November 1992

Next election: by November 1997

Proportional representation:
single transferable vote

ITALY

Republic:
President Oscar Luigi Scalfaro

Bicameral:
Senate and Chamber of Deputies

Center left coalition:
Prime Minister Romano Prodi (below)

Last election: April 1996

Next election: by April 2001

Proportional & majority representation



EUROPEAN ELECTIONS ARE VERY DIFFERENT FROM THE AMERICAN FORM. THEY COST LESS BECAUSE OF STRICT CONTROLS OVER CAMPAIGN SPENDING AND ACCESS TO TELEVISION TIME.

which campaigning for the primaries can begin more than a year before the election itself. Most European countries require at least a month. Britain can call a general election at 17 days notice.

European elections are very different from the American form. They cost less because of strict controls over campaign spending and access to television time. All European countries require some free television time usually in blocks of 10 to 30 minutes, which imposes a very different form of political communication than the 30 second television ad.

There is no provision in the US Constitution for referenda of the kind by which the UK voted in 1975 to pro-

ceed with European membership or of the kind by which Norway decided not to join or the way Denmark decided to give only partial endorsement to the Maastricht Treaty.

In no European government is the head of state automatically the person in sole charge of the executive government and the commander-in-chief. Except in France, there is no real European parallel to the American president. Seven of the fifteen European states are constitutional monarchies: Belgium, Denmark, Luxembourg, the Netherlands, Spain, Sweden, and the UK.

This has some important practical implications. The Watergate scandals

put into crisis not only the country's political leader but also its head of state, the symbol of the nation itself. The national crisis was consequently far deeper than the replacement of a European government leader. In Britain in 1990, Margaret Thatcher was overthrown without even the need for an election. In France in 1969, President De Gaulle stepped down when a lost referendum suggested he had lost the public confidence. In Italy, prime ministers have resigned under threat of scandal, and the president calmly awaits a replacement.

While there is a generalized contrast between the European and American ways of choosing and continuing



LUXEMBOURG

Monarchy: Grand Duke Jean
 Unicameral assembly
 Christian Democrat-Socialist coalition: Prime Minister Jean-Claude Juncker (above)
 Last elections: June 1994
 Next elections: June 1998
 Proportional representation

NETHERLANDS

Monarchy: Queen Beatrix
 Two chambers of States-General
 Grand coalition of center right and center left: Prime Minister Wim Kok (below)
 Last election: May 1994
 Next election: by May 1998
 Proportional representation



PORTUGAL

Republic: President Jorge Sampaio
 One House:
 Assembly of the Republic
 Socialist government: Prime Minister Antonio Guterres (above)
 Last election: October 1995
 Next election: by October 1999
 Proportional representation

'96 POLITICS

democratic government, the Europeans show such widespread differences that it is hard to talk of any single European model. Six of the countries have only one chamber of elected representatives: Denmark, Greece, Luxembourg, Finland, Portugal, and Sweden. In Britain, the second chamber is the House of Lords, to which membership comes by inheritance or by lifetime appointment, and it has powers only to delay, rather than veto legislation.

These differences usually mean that in any serious clash between national and European interests, the national interest comes first. In the 1960s, President De Gaulle of France boycotted meetings from which deci-

sions had to be unanimous and therefore blocked all European business on the principle that there had to be some recognition of a supreme national interest.

This precedent was used by the British government over the "mad cow" disease crisis, an action which devalued the boycott, in the eyes of Prime Minister John Major's European counterparts.

But an overriding national interest is inevitably defined by the nation itself. Greece, obsessed during the lifetime of the past government by concern over the emergent ex-Yugoslav state that wanted to call itself "Macedonia," is now obsessed under its new prime minister with the looming crisis in Turkey. In each case, the European partners have been less than sympathetic. Usually, however, as befits a continent accustomed to coalition governments, these matters are handled by compromise.

To take one current strategic example, the southern European states have looked nervously across the Mediterranean and called for a "Maghreb policy" to ease the threat of Islamic fundamentalism and mass immigration. The northern states, by contrast, look at Eastern Europe and the potential instability of Russia and demand that the main thrust of Europe's trade and economic diplomacy be shifted to their region. The debate is sharpened by the way that countries like Spain, Portugal, and Greece, which are net gainers from Europe's common development funds, fear their share will be reduced if and when the Union widens to include Eastern European countries.

Accustomed to being able to afford several different policy options at once, the Europeans are now facing budgetary crises which require hard choices.

Even as they confront those

SPAIN

Monarchy:
King Juan Carlos

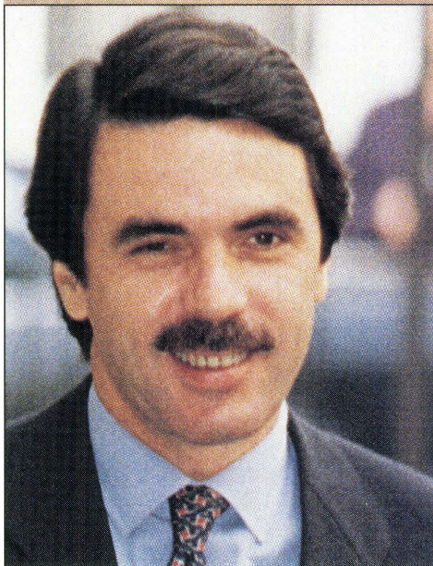
Two Houses: Senate and Congress of Deputies

Conservative government: Prime Minister Jose Maria Aznar (below)

Last election: March 1996

Next election: by March 2000

Proportional representation



SWEDEN

Monarchy:
King Carl XVI Gustaf

Unicameral parliament

Social democratic government: Prime Minister Goran Persson (above)

Last election: September 1994

Next election: September 1998

Proportional representation

UNITED KINGDOM

Monarchy: Queen Elizabeth II

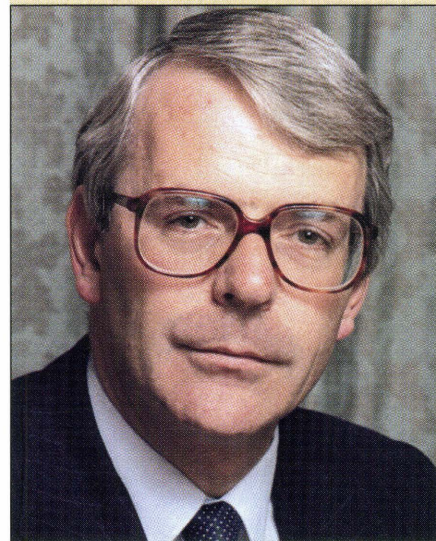
Bicameral parliament: House of Commons and House of Lords

Conservative government: Prime Minister John Major (below)

Last election: April 1992

Next election: by April 1997

Single member constituencies: the most votes wins



THE 15 EUROPEAN COUNTRIES DISPLAY A BEWILDERING ARRAY OF ECONOMIES IN DIFFERENT STATES OF HEALTH AND DIFFERENT STATES OF DEVELOPMENT, ALL OF WHICH RAISES THE QUESTION OF WHETHER ONE CAN SERIOUSLY TALK OF A "EUROPEAN" ECONOMY IN THE AMERICAN STYLE.

choices, the 15 European countries display a bewildering array of economies in different states of health and different states of development, all of which raises the question of whether one can seriously talk of a "European" economy in the American style.

Per capita GDP ranges widely, from \$8,300 in Greece to \$21,100 in Germany. Unemployment ranges from less than 8 percent in Britain to more than 21 percent in Spain. Overnight interest rates in August of this year varied from 2.5 percent in the Netherlands to 9 percent in Italy. Debt as a proportion of GDP ranges from 110 percent in Italy to almost nil in Luxembourg.

These are extraordinary variations for countries that are not only tied into a single market but which are currently planning the revolutionary move to a single currency. And inevitably in democracies, these variations put intense pressure on the national government to put the national economic interest first.

On occasion, Europe itself has become an election issue. It now threatens to do so again in Britain, thanks to a looming election and the varying degrees of Euro-reluctance within the governing Conservative Party. This situation has been exacerbated by the British government's attempt to whip up nationalist support over the European ban on British beef, imposed after the reports that "mad cow" disease may have spread to humans.

Other countries have their own Euro-concerns. In Germany, the fate of the deutsche mark in the proposed new Euro-currency threatens to become contentious. In France, President Jacques Chirac called in his July 14 national address for an easing of interest rates to bring down unemployment from the unusually high level of 12.5 percent. To bring rates down unilaterally would be to imperil the exchange rate of the franc against the deutsche mark. But the Bundesbank

fears a renewal of inflation if it lowers German interest rates. The direct relationship between French unemployment and German bankers is an acute symbol of the nationalist perils inherent in the grand European project.

If there is one common European political issue today, it is the difficulty most governments face with their glacial recovery from recession and in getting their economies healthy enough to qualify for the strict criteria required for a common currency. In mid-1996, only Luxembourg could confidently be said to meet the targets of low deficits and manageable debt. Ireland, the UK, and Germany could do so at a stretch, but other countries face serious political risks in squeezing their economies into the target zones.

Ironically, the wildly divergent European economies of the mid-1990s may represent the last stage of chaos before the coming of a new Euro-calm. Even a country like the UK, which is dubious about the single currency, appears to be running its economy with an eye to the qualification criteria. There is a process of convergence taking place, not only in economic strategy, but in the single market, in cross-border corporate partnership, in trading policy, and slowly but surely in the steady advance of a European system of law.

Moreover, there are two further reasons to hope that Europeans may at last be poised to start thinking and voting in a common language, a language with which Americans are already familiar. The first is the need to confront a common problem, of restructuring their political economies to cope with the furious competition of the global market and the demographic threat to their pension, health, and welfare systems. Indeed, all European governments now agree that they need to learn something from the American flexibility in labor and capital markets. Over the past five

years, there have been 11 million new jobs created in Europe and the US, but 10.2 million of them were American jobs.

The second factor leading toward a common language is political, the desperate identity crisis confronting the Left after the collapse of communism. Europe's socialist parties, which within the last 20 years have formed the governments of Britain, France, Germany, Spain, and Italy, are no longer parties of the Left in the traditional Marxist sense. They have all, to a greater or lesser degree, embraced the free market and the need for lower taxes and tough limits on provisions for social welfare.

American politics are also losing some of their ideological clarity. President Clinton is seeking to consolidate his historic shift of the Democratic Party to the center ground, ending "welfare as we know it," cutting the budget deficit to its lowest in 15 years and being tough on crime. The Republicans are running on an ostensibly conservative platform, but denying that they have even read this platform, Bob Dole and Jack Kemp are campaigning as centrist moderates and echoing retired general Colin Powell's calls for compassion and inclusion at the Republican convention in San Diego.

Europe's idealists used to assume that a united Europe would come to look like a version of the United States, with a common legal structure, a common currency, and a common political and commercial system. Such an outcome still seems far off to Europe, if it is to happen at all. But the convergence of political debate and the inescapable need to confront common challenges of economic and social strategy may be bringing the various European nation states much closer than they currently think. The irony is that they are in the same way being brought closer to the political vocabulary and social concerns of the American model. ☹

by SAMANTHA McARTHUR

Portugal was created by force of will power. Geography did little to help. The country has virtually no natural frontiers with its much larger neighbor and traditional enemy, Spain, but what the Portuguese lacked in rivers and mountains, they made up for in castles.

During the reign of King Dom Dinis (1279–1325), an enthusiastic castle-builder, more than 50 forts were constructed or reinforced.

The building program paid off. Apart from a 60 year occupation that ended in 1640, the mighty Castile stuck to its side of the border.

Nowadays the impressive fortifications line the border, redundant like the passport checkpoints that have fallen into disuse with the advent of the European Union.

Visiting these hilltop villages, which rise out of the rolling Alentejo plain, it is easy to imagine the advancing Spanish armies. So little seems to have changed here.

The best preserved and most evocative is Monsaraz—a less than three hour drive southeast of Lisbon.

It is baking hot here during the summer, but the heat seems a small price to pay for escaping the crowds that throng the Portuguese coastline in July and August and for experiencing what feels like living history.

The winding ascent from the olive fields to the ramparts is best made in the evening when the setting sun turns the white-washed houses pink and nothing stirs on the plain.

Cars must stay outside the walls where local authorities have provided parking space for battalions of tourists, although there never seems to be more than a handful of visitors.

The most striking first impression upon entering the walls is the silence. The sound of a cowbell or a dog barking drifts up from the

Built during the reign of King Dom Dinis (1279–1325), Monsaraz remains one of Portugal's best preserved castles.



M

O

N

S

plain, but the village seems to be asleep.

From the clock tower of the main gateway, where the shepherds gather at dusk, the only real street in town leads past an unmarked bar and a tiny post office to the main square. Here an unusual 17th century pillory, crowned with a sphere of the universe, stands in front of the church.

The castle keep, the *Torre de Menagem*, guards the far end of the village. From the top of the ramparts the plain unfolds for miles and miles. Off to the east, the Guadiana River gives the only clear indication of where Portugal ends and Spain begins.

When the Moors were expelled from Monsaraz in 1167, the village was handed over to the powerful Templar Knights and later to their successors, the Order of Christ.

Their old fort has now been converted into a bullring where boys kick a football around in the dust.

It comes as no surprise that Monsaraz does not offer much by way of night life. The shepherds and the old ladies in black shuffle off to bed when the sun goes down.

However, the village does boast one very good restaurant. The Alcaide offers a view of the plain and serves simple regional food in staggering proportions, washed down with robust local wine. Lamb stew, Alentejanan soup (a bizarre mixture of garlic, coriander, lumps of soggy bread, and egg—definitely an acquired taste), and pork with baby clams are all well-loved specialties. After visiting the Alcaide a vigorous evening stroll around the ramparts is essential to digestion.

Monsaraz has one hotel, the Estalagem de Monsaraz (tel: (351 66) 55112), just outside the main gateway, but for more authentic accommodation, there is the Casa Dom Nuno (tel: (351 66) 55146) on the Rua Direita, which has charming white-walled rooms, flagstoned floors, and breathtaking views.☺



A

R

A

Z

LITERARY TREKS

Through IRELAND

by ELISABETH FARRELL



The autograph tree in playwright Lady Augusta Gregory's garden is just one of Ireland's many literary "sights."

O

ne of the most prominent literary landmarks in a country that has long celebrated its contributions to the field of literature is not a library. Nor is it a museum or a university.

It is a tree—a copper beech tree in whose bark Irish writers of the early 20th century, including William Butler Yeats, George Bernard Shaw, and Sean O'Casey, have carved their initials.

If you have more than a passing penchant for Irish literature, the "autograph tree"—found in the garden of playwright Lady Augusta Gregory, one of the founders of Ireland's National Theater—is a requisite stop while visiting Ireland. It is not, however, the only stop you should make.

Begin by contacting the Irish Tourist Board to request a complimentary poster-sized map that shows a selection of Irish-born writers and the places with which they are connected. Then pick up a copy of *The Oxford Illustrated Literary Guide to Great Britain and Ireland* (Oxford University Press). Using these two resources, you can plan your own itinerary based on your favorite writer. For example, let's say the 12th-century *Book of the Dun Cow*, by Mael Muire MacCailleachair, is among your favorites. It chronicles a massive raid undertaken more than two millennia ago by Queen Maeve of Connacht in order to secure the brown bull of Ulster. You can join intrepid hikers who, books in hand, trace the route of the queen's army from Croghan to Cooley as they pick out distinctive landmarks along the way.

Or, perhaps something a little more tame is in order. Then begin your literary tour at the Dublin Writers' Museum (18/19 Parnell Square, Dublin), which honors the many writers who called the city their home—among them Samuel Beckett, James Joyce, Flann O'Brien, Sean O'Casey, George Bernard Shaw, Richard Brinsley Sheridan, Jonathan Swift, and Oscar Wilde. Next, make a stop at Newman House, the historic seat of University College Dublin, where many writers worked and studied, including Gerard Manley Hopkins, O'Brien, and Joyce.

If you want more on Joyce, do not miss the Joyce Museum (Martello Tower, Sandycove, Co. Dublin), the James Joyce Cultural Center (North Great George's Street, Dublin), or the Nora Barnacle House (Bowling Green, Galway), home of

Joyce's wife. You can also plan to be in Dublin on June 16, Bloomsday, when you will join Joyce enthusiasts from all over the world who honor the writer's best-known character, Leopold Bloom. Do not miss the garden party in Merron Square (period dress is de rigueur) for impromptu readings and a Joyce-look-alike competition.

Admirers of Yeats will not be left wanting and can put together quite a busy literary tour. Begin at Thoor Ballylee, Yeats' home (Co. Galway); then visit Lissadell House (Drumcliffe, Co. Sligo), home of Yeats' friends Eva and Constance (later Countess Markievicz) Gore-Booth, and finally pay your respects at Yeats' tomb in the Drumcliffe Churchyard. Or simply follow the Yeats' Trail, a 98 mile signposted tour of the Sligo-Leitrim Yeats country (begin at the Tourist Information Office in Sligo.) Along the way you will pass landscapes and locations immortalized by the Nobel Prize-winning poet and his brother, painter Jack B. Yeats.

Libraries offer unique insight into Ireland's literary history. Trinity College Library in Dublin, for example, houses one of the three largest book collections in Ireland and Britain, including the renowned *Book of Kells*. At Marsh's Library, the oldest in Ireland, you can still see the desk where Jonathan Swift wrote *Gulliver's Travels*. If you are tempted to pilfer a literary souvenir, however, please take note of the ornamental cages, once used to lock in readers to prevent such crimes.

A small handful of travel agencies offer organized tours that cater to the whims of literary aficionados. Bloom Tours, for example, offers five and eight-day programs entitled "Joyce's City and Yeats' Country." Joyce's nephew, Ken Monaghan, will introduce you to his uncle's city; then you will visit Sligo, where Yeats' poetry comes alive in the majestic landscape. (Book-



Admirers of Yeats will not be left wanting and can put together quite a busy literary tour. Begin at Thoor Ballylee, Yeats' home (Co. Galway); then visit Lissadell House (Drumcliffe, Co. Sligo), home of Yeats' friends, Eva and Constance (later Countess Markievicz) Gore-Booth, and finally, pay your respects at Yeats' tomb in the Drumcliffe Churchyard.

ing available through Wilson & Lake International, tel. 800-227-5550).

Lynott Tours offers various literary treks, including an evening at the Abbey Theater in Dublin, which presents classical works by Irish playwrights, including O'Casey, John M. Synge, Shaw, Brendan Behan, and Lady Gregory. Tours are sprinkled with entertaining visits to well-known eating and drinking locales, such as a banquet at 15th century Bunnratty Castle and a stop at Brazen Head pub, a gathering place for writers since the 1600s. (Lynott Tours, tel. (212) 760-0101)

If you have a specialized interest in a particular aspect of Irish literature and want to put together your own package tour, Lismore Tours (tel. 800-547-6673) will happily accommodate you.

"Pleasant is the life of the scholar," notes one of Ireland's old bardic poems, penned when the country was known as the "island of saints and scholars." For more in-depth literary visits to Ireland, consider a study tour. Most are held during the summer and range from 12 days to two months.

Some even offer transferable college credit. The Irish Tourist Board publishes *Study in Ireland*, which lists dozens of programs, including dates and costs.

Whichever way you study Ireland's literature, end your visit with an evening at the Dublin Literary Pub Crawl, which the *London Times* termed "the most ingenious crash course in Irish literature, history, architecture, and pub bonhomie yet devised." You will have your choice of seven guided performance tours through literary Dublin.

For more information, contact the Irish Tourist Board, tel. (212) 418-0800. ☎

Elisabeth Farrell's last article for EUROPE, a guide to Europe's "other" ski resorts, appeared in the December-January issue.

CAPITALS

AN OVERVIEW OF
CURRENT AFFAIRS
IN EUROPE'S
CAPITALS

Europe is finally waking up to the 1996 US presidential election. This year's contest between Bill Clinton and Bob Dole has failed to capture the imagination like John F. Kennedy versus Richard Nixon in 1960 or Ronald Reagan versus Jimmy Carter in 1980, but there are signs of increasing attentiveness as the campaign enters its final stretch.

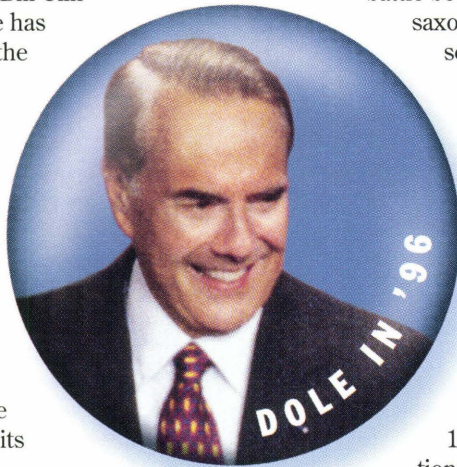
The interest in Europe lies not so much in the money or the manic campaign travel schedules but in the candidates themselves. Europeans want to know who are these people chasing the highest executive office and what do they intend to do with the presidency of the most powerful country on earth?

Europeans never understood Ronald Reagan, though they soon discovered the power of his tax-cutting, anti-communist message. The appeal of Jimmy Carter, the former peanut farmer from Plains, Georgia, was equally elusive. The battle between President Clinton and Senator Dole looks more straightforward because it pits one generation against another.

Clinton, the man who avoided the Vietnam draft and who admits smoking (but not inhaling) marijuana, embodies the permissive sixties. Dole, 73, the World War II hero whose right arm was shattered by enemy machine gun fire in Italy and who spent nearly two years recovering in a hospital, speaks to the prosperous postwar era, the golden fifties when duty, honor, and country were household words.

The 1996 election can be defined as a

Letter from Europe



battle between the garrulous, saxophone-toting Rhodes scholar from Arkansas and the stern senator from Kansas who is about as economical with his words and emotions as Gary Cooper playing a sheriff in an old Western movie. In short, this is a contest about character.

Yet there is a paradox at the heart of the 1996 US presidential election that is gradually drawing on Europeans. Barely a

year ago, it was fashionable to write off President Clinton's chances of a second term in the White House; now the no-hoper has suddenly turned into the firm favorite.

Dole looks too old to mount an upset in the November election, despite his bold choice of former congressman Jack Kemp as his running mate.

Explaining the extraordinary turnaround in the president's fortunes has tested the wits of all those critics who dismissed Clinton as a goner after the sweeping Republican success in November 1994 when the Grand Old Party led by Newt Gingrich gained control of both houses of Congress for the first time in 40 years.

In Britain, the process of adjusting to the prospect of a Clinton victory has been especially painful. In late 1994, the British press jumped on Clinton's defeat as proof that an unstoppable conserva-

tive tide was sweeping the US. The conventional wisdom was that no matter who the Republicans chose as candidate, "Slick Willy's" days were numbered.

The backpedaling began when Colin Powell, the charismatic former chairman of the Joint Chiefs of Staff and Gulf War hero, failed to jump into the race. Pat Buchanan, the television pundit-turned-conservative Republican standard-bearer, was judged to be too much of a rabble-rouser to merit endorsement. Former governor Lamar Alexander of Tennessee lasted about as long as one of his ragtime piano tunes.

The triumph of Bob Dole in the primary elections underlined the iron law of Republican presidential politics: The candidate with the money and the party machine behind him is very hard to beat.

Similarly, Clinton's comeback underlined his resilience as a candidate, and his successful co-opting of sections of the moderate Republican agenda seemingly stopped the Gingrich-led revolution in its tracks.

As the 1996 campaign moves into its final phase, Europeans will be watching carefully for two developments: how the candidates position themselves on foreign policy and whether there are any broader trends detectable for their own future elections, bearing in mind that parliamentary contests are due to take place in the United Kingdom, France, and Germany in the next two years.

On the first point, Europeans want to see whether Senator Dole continues to press for a faster timetable for NATO en-



largement to Central and Eastern Europe, a move which could alienate Russia at the very moment forces in the Kremlin appear to be resigning themselves to membership of the Western military alliance for the Czech Republic, Poland, and Hungary.

Europeans are similarly worried about the 1996 election influencing American policy toward Bosnia, restricting possibly the stationing of US troops beyond the agreed date at the end of the year. In London and Paris, there are lingering memories of the 1992 campaign, when candidate Clinton endorsed a more aggressive policy of aiding the Bosnian Muslims through a lifting of the UN arms embargo, only to vacillate during his next 18 months in office.

Finally, trade issues loom large. In the run-up to November, the Clinton administration has signed a congressional bill cracking down on Europeans trafficking in property in Cuba, provoking a strong response from the EU. It has also put large sections of the trade agenda on hold, stymieing hopes of wrapping up outstanding business in the GATT Uruguay Round, such as liberalization of telecommunications and maritime shipping.

Perhaps the most important role of the 1996 presidential election lies in the realm of ideas. If the late 1970s were the test bed for the philosophy of tax cuts, deregulation, and liberalization, the late 1990s could well turn out to be the breeding ground for a new debate on welfare and the role of the central government.

President Clinton's decision to end a tradition of welfare going back to the New Deal, of using public funds to help poor and single mothers raise their children, may have a lasting impact on the unfolding debate in Europe about the frontiers of the welfare state. Many Europeans feel that whether Clinton or Dole wins, the Reagan-led conservative tide has yet to ebb in the US.

—Lionel Barber

HELSINKI

LENINGRAD COWBOYS

Finland is often considered a bridge between Eastern and Western politics, cultures, and traditions, and the music group the Leningrad Cowboys follows in this tradition. With a lot of humor and imagination, these wild looking mu-



The Leningrad Cowboys have converted their popularity into an endorsement deal with Finnish cell phone giant Nokia.

sicians have managed to strengthen the cultural bond between East and West in a way that nobody else has done before.

With a name that suggests an East-West culture clash, the Leningrad Cowboys are an all-Finnish band usually accompanied by the Leningrad Ladies, two dancers. The band's trademark unicorn hairdos and long pointed shoes have helped to further raise the Cowboys' profile.

The history of the band goes back to the 1970s and a group called Sleepy Sleepers, one of the most famous and outrageous Finnish punk bands at the time. Although the Sleepers' first record reached number one on the Finnish top 10 list, the band never became popular outside of Finland. By 1989, the Sleepy Sleepers had become the Leningrad Cowboys, who got their first international break when they appeared in *Leningrad Cowboys Go to America*, directed by Aki Kaurismäki, a Finnish filmmaker. The movie portrays a struggling rock band who leaves Siberia, travels across America, and finally ends up in Mexico, finding itself on the local top 10 list. The movie was so popular in Europe and in the US that Kaurismäki decided to direct a sequel, *Leningrad Cowboys meet Moses*, which had its world premiere dur-

ing the Berlin Film Festival in 1994. The sequel depicts the adventures the band experiences during their return trip from Mexico to their native village in Siberia. This movie became an instant hit as well.

In addition to feature films, the Cowboys have done music videos and five albums. They have toured Europe, Japan, and the United Arab Emirates. Their tours have attracted large audiences everywhere. In Germany alone, they have performed more than 200 concerts.

In June 1993, the Leningrad Cowboys performed an historical concert with the Russian Alexandrov Red Army Choir and Ensemble in Helsinki's Senate Square. The concert took place on the biggest stage ever built on the Senate Square in front of more than 70,000 spectators. The Cowboys and the 160-member Alexandrov Red Army Choir and Ensemble performed popular Western hits as well as traditional Russian ballads with dancers and balalaikas. Both the concert and the Kaurismäki film of the concert were so popular that the cooperation of the two has continued since. The Cowboys and the Alexandrov group held their second concert in Berlin in June 1994 and was broadcast throughout Europe and the US.

It is difficult to explain the popularity of the Cowboys in Finland. One of the

reasons for their success may be that they have helped to ease Finland's tenuous relationship with Russia. During the cold war, Finland was squeezed between the ominous presence of the Soviet Union on its eastern border and the beckoning market economies to the West. The Leningrad Cowboys' name can be read as an allusion to Finland's position in the middle of the East-West confrontation. Since the collapse of the Soviet Union and the end of Finlandization, Finland's relationship with Russia has stabilized. Aki Kaurismäki has said in one interview that, "the Cowboys culturally mark the end of Finlandization." Also, the co-performances with the Alexandrov Red Army Choir and Ensemble have helped to increase the Cowboys' popularity in Russia.

Another reason for the Cowboys' success is their dynamic marketing strategy. In addition to the movies, music videos, and albums, the band owns two restaurants in Helsinki and even sells their own brands of beer and vodka. Also, the Finnish cell phone manufacturer Nokia signed the Cowboys to a lucrative endorsement deal.

—*Hanna Tukiaainen-de Carvalho*

BRUSSELS

THE NEXT KING

The next King of the Belgians will be Philippe I—or so the normally timid heir to the throne recently insisted. On successive days he invited two small groups of Belgian journalists to discreet lunches in an attempt to quash rumors that he had no appetite for the job and was willing to bow out in favor of his younger sister Astrid.

The lunch parties were divided linguistically—French speakers on the first day, Flemings on the second, which was rather odd for a man who sees his mission at least partly in terms of bringing the two communities together. The 36-year-old Philippe also aspires, according to his luncheon guests, to be a bridge between the generations and a high proportion of his public functions involve meetings with young people.

Philippe had been expected to succeed to the throne when his childless uncle Baudouin died suddenly in 1993. Baudouin's younger brother Albert had long let it be known that, when the time came, he would make way for his own elder son Philippe. Yet in the event, Al-

bert was quickly persuaded by Prime Minister Jean-Luc Dehaene and his cabinet colleagues to take the throne himself, as Albert II.

No public explanation was offered, but it was clear that the cabinet regarded Philippe as too immature and uncommitted, and perhaps insufficiently intelligent, to assume the responsibilities of head of state. His bachelor status also counted against him, as Belgians are accustomed to seeing their monarchs supported by dutiful wives.

In 165 years Belgium has had six kings, all of whom took the precaution of marrying foreign wives—in part at least to avoid having to make an invidious choice between a Dutch or French-speaking Belgian. Philippe's private life has been the subject of much speculation.

Though he has undoubtedly had a number of fairly serious relationships, at no time has he appeared close to marriage.

Under the Belgian constitution, the succession was restricted to male heirs of Leopold I, the founder of the Saxe-Coburg-Gotha dynasty, who reigned from 1831–65. It was amended five years ago to enable a woman to succeed, though this did not directly affect

Belgium's Prince Philippe appears to be serious about his future as king.



Philippe's position as he is two years older than Astrid. It did, however, lead to the relegation of his younger brother Laurent, who now comes behind Astrid and her four children in the pecking order.

Astrid, who is married to a Hapsburg archduke, is regarded as more outgoing and more clever than her brother and has seemed more committed to a royal role. She would probably have proved a more popular choice as Belgium's next monarch, but Philippe now appears to have put paid to that prospect.

—*Dick Leonard*

LUXEMBOURG

CLT'S FUTURE

Fifty years ago teenagers in Europe knew exactly where to look on the radio dial for their kind of music: Radio Luxembourg on 208 meters. At a time when the BBC and its equivalents in other European countries were putting out an endless stream of classical and middle-brow evergreens, Radio Luxembourg was alone in broadcasting the latest pop music from America—with ads to match.

It all happened because, as a sovereign state, Luxembourg was granted its own broadcast frequencies under the Geneva Convention of 1929. Lacking the resources to exploit them itself, the government turned to private companies who sought and found their audiences among the young of Europe.

It proved one of the sharpest moves ever in the history of commercial broadcasting, serving to keep Luxembourg at the forefront of the business for more than half a century. Today's successor to Radio Luxembourg—Compagnie Luxembourgeoise de Telediffusion (CLT)—is one of Europe's biggest and most enterprising media companies with interests in 14 television networks and 18 radio stations in 13 countries, including Germany's biggest commercial television network.

While only 700 of CLT's 3,246 employees actually work in Luxembourg, the company is a vital factor in the country's economy with a turnover last year of \$3.1 billion. Besides its television and radio stations, CLT is a growing force in program production.

But for how much longer can CLT's independence be maintained in a business where the big players like Rupert

Murdoch's British Sky Broadcasting (BSkyB) and the two German giants Bertelsmann and Kirch can count their small change in the billions? A massive game of international poker is now shaping up as these companies and others vie for supremacy in the \$15 billion European digital pay-television market.

Ross Parsons, editorial director at London-based CIT research, which produces reports on media and telecommunications, says, "CLT have been ahead of the game in commercial television until this year when their lack of cash kept them out of this new digital pay-television world—or rather kept them from being at the forefront. They won't be excluded by any means but certainly won't be the leaders."

Events have moved at a bewildering pace in recent months with some breathtaking shifts of allegiance, but it now seems fairly clear that, given approval by the EU Commission, CLT will merge its core businesses with those of Bertelsmann, with which it already has a number of joint ventures. The headquarters and staff of the merged company, which will be owned fifty-fifty by the two partners, will be located in Luxembourg.

Its market skills apart, Luxembourg is a good place to base a television station. The central location enables broadcasters to reach several key neighboring markets; the people are multilingual; and the government is small and enterprise-oriented—as one media executive puts it, "it doesn't impose too much regulatory hassle."

Meanwhile, however, Bertelsmann is also joining with Kirch and Murdoch in a bid to avoid a costly battle over technical standards, raising the prospect that CLT could end up as part of one giant pay-television organization, bringing all the major European players together under one hat.

The Luxembourgers' motto is "*Mir wolle blewe vat mir sin*" (we want to stay as we are), and the threatened disappearance of CLT as an independent company has already caused some unease in the Grand Duchy. But if the physical operation, the staff, and the name stay, does it matter all that much? CLT is not even now controlled by Luxembourg. Its largest shareholders are the French media group Havas and Groupe Bruxelles Lambert of Belgium.

Besides, CLT is not Luxembourg's only horse in this race. The Société Européenne des Satellites (SES) came into

existence about 10 years ago in a remarkably similar fashion to Radio Luxembourg itself, offering broadcasters the hardware for access to virtually the whole of Europe. Today, the SES Astra family of satellites reaches 170 million people and accounts for 80 percent of Europe's direct-to-home broadcasting.

SES, which is owned by a consortium of Luxembourg, German, Belgian, and French banks and in which the Luxembourg government has an indirect blocking interest, is not without potential competitive challenges of its own. But, like CLT, it has the immense advantage of being first off the starting line.

—Alan Osborn

LONDON

VOTERS GET TO DECIDE

By the time you read this, you may already know whether or not we are in for an early election. You will certainly know that early or not, the next general elections has to be held within six months.

In reality, the election campaign has been underway since the summer. After 17 years of uninterrupted office, the ruling Conservative Party has to go to the polls in spring 1997. Pundits believe the government would be wiser to call an earlier election, as is its right.

The reasons are threefold, according to Liberal Democrat leader Paddy Ashdown: The economy is currently on an upswing, but it may be impossible to sustain that into next year; the rows with Europe will intensify, not ease; and the situation in Northern Ireland can only get worse.

Some would add another reason. There is a growing unease in some sectors of the population about just what the resurgent Labor Party, or New Labor as it dubs itself, really stands for. Recent authoritarian moves by party leader Tony Blair have taken a little of the shine off his bright image.

Prime Minister John Major knows that while his party looks tired and lackluster, he still has the chance to sell the "devil you know" ticket. Well at least he will try to do that. The problem is that

Markgraaf

**When it is time to export your trademarks abroad,
it is time for Markgraaf International.**

A one-stop source for all of your international trademark needs. . . . Our century-old network of worldwide legal experts permits Markgraaf International to offer you the following comprehensive trademark services:

- ◆ Availability/registrability searches, with or without local legal opinions
- ◆ Trademark filing assistance
- ◆ Maintenance and renewal assistance

Markgraaf International is not a law firm. It is a company of international trademark consultants who assist U.S. businesses in finding competent, reasonably priced trademark legal services in all countries of interest, and then in meeting the specific cultural, language, and legal requirements of each country for those services. Please call, fax or write to us if you would like a brochure or estimates regarding search or filing costs in any specific countries.

Markgraaf International, Inc.

715 Lake Street, Suite 220
Oak Park, Illinois 60301-1423 U.S.A.

Telephone (708) 383-8801
Fax (708) 383-8897

Major himself has an image of bumbling indecisiveness.

The opinion polls show New Labor way ahead of the Conservatives, and Blair light-years ahead of Major in the popularity stakes. But, Major knows that the polls have been wrong before; indeed they were wrong in forecasting a Labor victory at the last general election.

Major may be dull, but he is no quitter. He will fight to hold on to power because he also knows that if the Conservatives lose the election, he will almost certainly be replaced as party leader, after a decent interval, of course.

Fall is the time of the party political conferences, similar to the US parties' political conventions. Flags are waved; everyone rallies around the leadership; and sometimes policies are enunciated. Though this is unlikely in the case of Labor, which has been very circumspect about specifics for fear of alienating middle class voters.

Tony Blair has been very careful to advocate a war on crime, action to reduce unemployment, and improvements to health and education services. Traditional socialist Labor policies are not to be found in this manifesto.

This break with Labor's past has angered some of the party Left, who accuse him of abandoning the party's roots in its drive for power. But Blair has become so powerful within the party that the attacks are now carefully directed at his advisors, not at the leader himself.

The Conservatives have a problem not dissimilar to that of the Republicans. Labor has stolen some of the key planks in the Conservative platform, just like Clinton has done to Dole.

The Conservative's campaign is focusing on trying to persuade the voters that behind Labor's new image of a caring, centrist party, is a party of higher taxation out to squeeze the middle classes to pay for a reintroduction of socialism.

It won't be long now till the voters get to decide.

—David Lennon

THE HAGUE

EUROPOL BEGINS OPERATIONS

Europol, the embryonic inter-European police bureau based in the Hague, has begun operations. Europol was initially created to facilitate the exchange of information between member state police forces working on cross-border

investigations into the illegal drug trade. Later its mandate was expanded to include information regarding the criminal trade of radioactive materials, vehicles, illegal immigration networks, and money laundering. In the near future, Europol will also be involved in the member state's antiterrorism activities.

Europol differs sharply from the FBI in that it has no operational authority. It can only facilitate the exchange of information and help coordinate investigations run by the national police services.

Before it could begin its work, however, Europol had to clear a major obstacle. A legal framework for the protection of the European citizen's civil rights had to be implemented first. For two years, the situation remained unresolved, partly



Jürgen Storbeck heads up Europol.

because there was no agreement between the member states about the extension of Europol's activities and partly because member states disagreed where such appeals should be made, whether at the national level or the European level. Finally at the Florence summit in June, all the EU member states except the United Kingdom agreed that the European Court of Justice in Strasbourg would be authorized to deal with the requests of national judges on matters concerning Europol in cases of cross-border police investigations.

With this resolution, Europol has begun to fulfill its mission, aiding cross-border criminal investigations within the Union.

The EU's decision to locate Europol's

headquarters in the Hague came in October 1993. It is the only European institution based in the Netherlands. It was seen by the Dutch as scant consolation after they had missed out on attracting the European Central Bank (which went to Frankfurt), the European Bank for Reconstruction and Development (London), the European Brand Office (Madrid), the European Environment Office (Copenhagen), and the Veterinary Inspection Office (Dublin).

Located just outside the center of the Hague in an ivy covered building that once served as a Jesuit high school dormitory, Europol currently employs slightly more than a hundred people and is directed by Jürgen Storbeck of the German Bundeskriminalamt. It has a budget of a little more than \$6 million.

—Roel Janssen

BERLIN

LONGER SHOPPING HOURS

A diplomat and his wife recently posted to Germany invited 50 people to a housewarming party. The hostess decided upon a curry dish. Shortly before the guests arrived, she added coconut milk. The curry turned sour. It was 7 pm—all the shops had shut half an hour before. Too late, even for a swift change to a cold buffet. This nightmare experience underlined the fact that she was now living in a country with the most stringent store-closing hours in Europe.

Ladenschluss (store-closing hours) in Germany are nationally regulated by a 1956 law pushed through by the labor unions in their drive to reduce the working week. It requires all shops to close at 6:30 pm, Monday through Friday. The law was slightly changed in 1989 allowing a two hour later closing time on Thursdays—until 8:30 pm. On Saturdays shops remain open until 2 pm, except on the first Saturday of each month when they stay open until 4 pm.

Finally, the German government has agreed to bring about some change to the country's archaic shopping hours. The agreement hammered out by the Christian Democrats and their coalition partners, the Free Democrats, allows shops to open until 8 pm on weekdays and 4 pm on Saturdays. Sundays remain sacrosanct.

The law is set to be implemented next month, and although German stores will

still have shorter operating hours than those in most European countries, it is, in the words of Economics Minister Günter Rexrodt, a "giant step forward."

Frustrated consumers whose complaints about the old system have been ignored for so long see the new law as a victory. Last year, Mr. Rexrodt was forced to abandon his campaign for more liberal hours because of fears that it would alienate small shopkeepers ahead of the October election. The Association of German Retailers (HDE) has been vociferous in its opposition to any longer shopping hours despite sluggish consumer spending, arguing it is the little shop on the street corner that will suffer while the big retailers prosper. HDE's members are particularly concerned about costs.

The new law gives bakers new operating hours as well. A ban on overnight baking will be lifted, and baking will now be allowed on weekends. The new baking law ends a 1915 imperial decree that banned baking between 10 pm and 6 am and all weekend baking. It was reasoned that the law would help preserve grain stocks for the war effort, and it was thought that German troops would eat less bread if it was not fresh. The decree was amended slightly in the 1970s, allowing bakers to start at 5 am. Manfred Kädler, a baker on Danziger Street in eastern Berlin, fears that it will become even tougher to compete under the government's proposal to allow longer shopping hours. "I don't mind the ban being lifted," said Kädler. "It's just that if we are allowed to bake at the weekends, we will have no time off because we cannot afford to take on extra help. But our main worry is that we will also have to compete with the big bakery down the street which can afford to take on more staff."

But in western Berlin, Ulf Villacke, personnel manager of KaDeWe, Berlin's fashionable department store, which is popular with tourists and locals for its exotic foods, is at a loss to understand the opposition. He believes service for the consumer must come first. "I just don't understand it," he said. "Berlin is meant to be the capital and an attraction for tourists. But what can we offer them at the weekends? We have been campaigning for longer shopping hours, but the workers' councils and the trade unions are against it."

The shop law passed the final hurdle in August, unexpectedly winning ap-

proval in the Bundesrat, Germany's upper house. The trade unions, it is expected, will reluctantly give up their opposition against the current background of high unemployment and low consumer spending, which have contributed to a retail slump. Nevertheless, many stubborn shopkeepers have already said that they will stick to their old habits.

—Wanda Menke-Glückert

ATHENS

DISCOVERING ANCIENT MUSIC

Four years ago a team of Greek archaeologists unearthed the remains of an ancient musical instrument—a set of copper pipes decorated with silver bands—at Dion, a wealthy ancient city in the foothills of Mount Olympus.

It was identified as the upper part of a "hydravlis," a hydraulic organ that was a distant but recognizable ancestor of today's cathedral organ. It would have been powered by a water pump and would have emitted a "strong but sweet sound," according to Professor Dimitris

Pantermanlis of Thessaloniki University, who directs the dig.

"We found the instrument buried in mud in the remains of an ancient workshop. I think it was probably there to be repaired—and that's why we found only the pipes, not the metal tank that contained water or the pumping mechanism," he said.

Dating from the 3rd century BC, it is the earliest known example of a hydravlis. Though illustrations and models of the instruments are known, the only other such instrument found in an excavation comes from Hungary and dates from the 2nd century AD.

The hydravlis was the most sophisticated musical instrument in antiquity. Apollo traditionally played the lyre, a stringed instrument, while flutes and percussion instruments were played in the ceremonies at his temple in Delphi.

Greek musicologists have now built a working model of a hydravlis, which was demonstrated this summer to an audience of international experts on ancient music at Delphi, site of an ancient oracle of Apollo, the god of music. It was based on

100% NO LOAD

Largest International No-Load Manager¹

A CONSERVATIVE APPROACH TO FOREIGN INVESTING

T. Rowe Price Global Stock Fund, the newest and most conservative of our foreign equity funds, offers a good way to add international exposure to a domestic portfolio.

Because of its global strategy, you'll be able to participate in some of the most promising investment opportunities at home and abroad. And, since the fund invests in established companies across a wide range of industries, it offers a relatively low-risk approach to foreign investing.

International investing has special risks, including currency fluctuation. As with any stock fund, there will be price fluctuation. Minimum investment is \$2,500 (\$1,000 for IRAs). **No sales charges.**

**Call 24 hours for a free report and prospectus
1-800-541-6155**

<http://www.troweprice.com>



Invest With Confidence®
T. Rowe Price 

GLS032774

Strategic Insight Simfund. Read the prospectus carefully before investing. T. Rowe Price Investment Services, Inc., Distributor.

the Dion find, but it is not an attempt to recreate that instrument, according to Panos Vlagopoulos, who built the instrument.

Vlagopoulos, standing at a keyboard made of wood, extracted snatches of melody from the model, while Professor Marios Mavroidis of Corfu University worked a hydraulic pump that pushed air into the soundbox. The steady action of the hydraulic pump ensured that the sound was continuous, he said.

Invented in the 3rd century, BC, the *hydravlis* quickly became popular both because of its ingenious technology and "its ability to make a much louder noise than any other ancient instrument. It was in effect the first (boom box)," Vlagopoulos says. "But it would have been extremely difficult to play, and probably every early *hydravlis* was different."

The Greeks are known to have played the *hydravlis* in temples to entertain the patron deity. The *hydravlis* was even more popular in Roman times, when it accompanied circus performances attended by thousands of spectators. Some scholars believe the *hydravlis* may even have been carried into battle to frighten the enemy with a powerful blast of sound. By contrast, it also provided soft background music for banquets.

The Roman emperor Nero is known to have played the *hydravlis*, while it later became part of the trappings of the Byzantine court at Constantinople—from where it reached Western Europe,

though powered by then with bellows rather than by a hydraulic pump.

—*Kerin Hope*

PARIS

AIR INTER CHANGES TO KEEP UP

In the past, Air Inter was used to being the spoiled darling of the French airline industry. As the sole domestic carrier, which was taken over by the state-run Air France group in 1990, it monopolized the skies of France and was free to indulge in the willful behavior of an over-protected child.

It treated its personnel better and its passengers worse than any other airlines, and any attempts to make it straighten up and fly right were met with sulks and temper tantrums. It repeatedly went on strike to get its own way, more than once leaving French holiday travelers stranded at the airport at crucial times of the year, such as the beginning of the summer vacation.

Then, in the early 1990s, the EU started to deregulate internal air travel and Air Inter no longer had exclusive rights to all domestic air routes. Rival carriers like TAT, AOM, and Air Liberté came along and offered a better, cheaper service with a smile. Last year, Air Inter went into a financial nose dive, losing an unprecedented \$44 million over a period of 15 months, and by this summer it was a catastrophic \$20 million a month.

Clearly, something had to be done,

and fast, to pull the airline out of its tailspin. The man charged with the unenviable task of trying to turn Air Inter around was Christian Blanc, who had already taken over the controls of the foundering flagship carrier Air France in 1993.

When Blanc arrived, Air France was losing more than \$1.5 billion a year. By 1994, when he bravely took on the chairmanship of Air Inter as well, he had reduced the main carrier's annual losses to \$560 million and was claiming that he could balance its books by 1997.

The smaller, cosseted Air Inter presented him with a formidable new set of challenges. It did not want to give up its privileged lifestyle and submit to such cost-cutting measures as a wage freeze and closure of unprofitable routes. Air Inter's pilots are particularly reluctant to have their wings clipped. They are among the highest paid in the world, earning around 15 percent more than Air France pilots and working 70 hours a year less.

But Blanc is determined to bring Air Inter into line with its mother company and transform the entire Air France group from a massively subsidized state enterprise into a viable business capable of earning its own living.

To make Air Inter more competitive, Blanc began by instituting some unbeatable low special fares and improving the service on board. Previously, you were lucky to get something to drink; this spring flight attendants started serving

NEWSMAKERS

As the president of the Fashion Cafe chain, which just opened its first European outlet in London, **Tommaso Buti**, 29, spends a lot of time jetting around the world, scouting new restaurant locations. For him, each plane trip is a white-knuckle ride. Ever since the trip two years ago when he was aboard a Concorde which took a 30,000 foot nose dive after one of its engines blew, he has to overcome a fear of flying for the sake of his rapidly expanding business empire.

The first Fashion Cafe opened only last year in New York's Rockefeller Center, followed by a second US location in New Orleans. The September launch of the London restaurant will be followed by one in Barcelona this month, Jakarta in November, and Manila in December.

Next year, Madrid, Paris, Prague, Hong Kong, Singapore, and Las Vegas will become further links in the Fashion Cafe chain. Buti's ambition, he says, is "to be in every country."

He had the idea for the chain three years ago when he saw how popular themed restaurants were becoming. Planet Hollywood had the movie star theme and the Hard Rock Cafe the rock star concept, so Buti decided on the realm of fashion, the domain which breeds today's stars—the supermodels.

It was a natural for Buti. His mother ran a fashion house in Italy, and he is married to a model, **Daniel Pestova**. His connections won him the backing of the Big Four: supermodels **Claudia Schiffer**, **Elle Macpherson**, **Naomi Campbell**, and **Christy Turlington**. The celebrity allure of "his girls," who drop in on the restaura-

rants regularly, is helping Buti spread the Fashion Cafe around the globe faster than designers can change hemlines.

•••

Controversial Italian business tycoon and politician **Silvio Berlusconi** believes in keeping it all in the family. His eldest daughter **Marina**, 30, has been appointed the new vice-president of his powerful holding company Fininvest, currently under investigation for possible Mafia connections.

Marina B, as she likes to be called, studied political science in Milan and has been working in the Fininvest group for the past five years. From time to time she escapes family pressures by going scuba diving in Bermuda, where she owns a sumptuous villa. As the successor to **Giancarlo Foscale**, a family cousin now under house arrest while his off-

some cookies and light snacks. Hardly on a par with the “champagne for all” policy of rivals like Air Liberté, but a welcome step in the right direction.

Then in June, Blanc boldly announced the closure of 15 loss-making routes to Britain, Spain, and Portugal (Air Inter started flying to some destinations outside France in 1988) and three domestic ones. To counterbalance the shutdowns, he also announced the creation of a shuttle service on Air Inter’s three busiest routes, Paris Orly-Marseille, Paris Orly-Toulouse, and Paris Orly-Nice, due to start operating this month.

When the airline responded by threatening strike action on the eve of the summer holidays, Blanc simply canceled all flights, neatly focusing the public’s outrage on the airline’s personnel instead of on its management.

A week later, on July 4, he confirmed Air Inter’s worst fears. He announced that the domestic carrier would be merged with Air France next spring, just in time for the complete liberalization of internal air travel within the EU. The Air France group will consist of the long-haul carrier Air France and the short-to-medium carrier Air France Europe (ex-Air Inter), both feeding passengers into each other’s network.

For Air Inter, always irritated by the lofty attitude of the more worldly Air France, the news of the arranged marriage is a bitter pill to swallow. But once Europe’s skies are totally deregulated, the enforced union may well be the best

chance the French government carrier has of surviving in a flock of aggressive private competitors.

—*Ester Laushway*

COPENHAGEN

MAASTRICHT REVISITED

Denmark’s Supreme Court will now have to decide whether the Danish ratification of the Maastricht Treaty is unconstitutional. The Danish voters rejected the treaty in 1992, and the ratification in 1993 was only achieved after the Danish government had secured a number of opt-outs notably on economic and monetary union and defense. Theoretically, the Supreme Court may declare the ratification null and void, and even more theoretically this may undermine the Maastricht Treaty itself, which required the unanimous ratification of all member countries.

Unsurprisingly, the case was brought before a district court by a group of 11 opponents of the Maastricht Treaty. Until this ruling, Danes have not been able to challenge the constitutional status of Danish parliamentary decisions, and similar cases have been dismissed in the 1970s. The 11 treaty opponents claim that the Maastricht Treaty violates part of the Danish constitution that states that Parliament may only transfer sovereignty without any limits.

The district court did not face the constitutional issue as such but accepted

that there was a legal case. The Supreme Court has already declared that it will give the case high priority, because if it is not settled before the fall of next year, the Danish government may be unable to commit itself to the changes in the Maastricht Treaty agreed upon by the ongoing IGC, the EU intergovernmental conference. Most Danish and EU experts consider this scenario highly unlikely.

Denmark does not have a checks and balances constitutional system like in the US. The Danish Supreme Court is independent, but very few believe that the high court will overrule a decision taken by a big majority of the Folketing (the Danish Parliament), and subsequently ratified, however reluctantly, by the Danish voters. This is especially true since the consequences of such a ruling would probably mean Denmark would have to leave the EU altogether.

But even with the realistic assumption that the court will endorse the Danish accession to the treaty, the case has made the constitutional issue come alive in the Danish EU debate. This debate is not going to make it any easier for the Danish government to obtain a broad parliamentary consensus on the coming changes in the Maastricht Treaty, much less win the referendum or referenda. Some believe that this case has pushed possible Danish membership of economic and monetary union into the next century.

—*Leif Beck Fallesen*

shore banking activities are being scrutinized, Marina claims to be ready for the challenges of her new position. “Everywhere,” she declared proudly, “it is very rare for a woman to reach the top.”

•••

The house of **Pierre Balmain**, which was bought last August by a group of private shareholders, GD Vendôme, has had three different couturiers at its head since the death of its founder. The contract of the latest one, the American **Oscar de la Renta**, has just been renewed for two years.

At 75, **Louis Feraud** closed his sketchbook for good last November, but the family business has passed on seamlessly to Feraud’s daughter **Kiki**.

Emmanuel Ungaro, one of the last designers to keep complete control of his own fashion house, has just sold 51 per-



Media Tycoon and Daughter: Marina Berlusconi and her father Silvio.

cent of his company to the Italian luxury leather goods manufacturer Ferragamo. But he is staying on as chairman and chief couturier.

•••

Italian ski champion, **Alberto Tomba** is planning a spectacular exhibition race in Sarajevo in December. He apparently approached the Bosnia-Herzegovina Olympic committee and offered to bring a group of top skiers to the symbolic site of Mount Bjelasnica, where the downhill race of the 1984 Winter Olympics took place.

Tomba is said to be arranging the event in hopes that it will raise postwar morale and help to revitalize skiing in Sarajevo. **Amira Kapitanovic** of the national Olympic committee is delighted with the Italian superstar’s offer. “It will help show that life is back to normal,” she said.

—*Ester Laushway*

ROME

ALTERNATIVE ENERGY

Energy specialists acknowledge that for the past two years windmills have been producing more energy in Europe than in the United States. After surpassing the US in 1994, European production has been growing at breakneck speed. As a result, the Brussels project that had aimed at providing 2 percent of the European energy needs with aeolian or "wind" energy by the year 2005 has been amply exceeded.

But what is surprising is that the country leading this triumphant march on the wings of European wind is Italy, which until recently had shown little interest. The objective of the national energy plan, 600 megawatts (or 600 million watts) by the year 2000, seemed almost impossible to achieve just a short while ago. Now an executive at Enel, Italy's national electrical energy company, has declared that a modest goal.

In Italy, aeolian energy is growing at the rate of one megawatt a day, and the directors of Enel are trying to figure out what to do. Since the end of 1995, they have been literally deluged by a tidal wave of requests to construct new aeolian installations to latch onto the national network in the next few years.

Not all the requests are presented by Italian entrepreneurs. One of the largest consortiums, which produces more than 600 megawatts by itself, is using American and Japanese capital.

If all these requests are approved, Italy would pass from its actual trifling production of barely 30 megawatts a year to the impressive amount of 3,000 megawatts. This would mean that by itself Italy would produce slightly less than the worldwide aeolian energy output for 1994, twice as much as the United States.

Faced with the explosion of this new business, Enel has decided to take some time to study what to do. It has accepted all the projects in the first semester of this year by companies interested in installing windmills and then selling the electricity to the state company. But, taking advantage of the summer recess, it is stalling about deciding what to do with the project for more than 2,800 megawatts presented in the second semester.

Beyond the economic aspects, the po-

litical aspects must be taken into consideration as well. A few of the windiest areas (and therefore areas that are most suitable for the windmills) are in southern Italy, in particular Campania and Puglia. These are the least developed areas of the country, where unemployment is the highest. It is true that aeolian systems don't require much personnel, since the wind does all the work for free, but the project represents an important, new business sector that would be opened up for Italy's poorer regions.

—Niccolò d'Aquino



The town of Malaga may soon host a museum honoring its famous son, Pablo Picasso.

MADRID

PICASSO COMES TO MALAGA

The southern Spanish city of Malaga is known to most as the gateway to the Costa del Sol, that stretch of Mediterranean shoreline running south to Gibraltar, sprinkled with sometimes tawdry resorts that host millions of sun-seeking tourists each year.

But Malaga may soon also be known as the home of a brand new museum honoring its most famous son, Pablo Picasso.

Considered the 20th century's greatest artist, Picasso was born in the city and then moved with his family to Barcelona when he was nine years old.

He came of age in that great bustling and bohemian port, first trying his dab hand at painting before going on to Paris where he became famous.

Picasso's family home in Malaga is open to the public, but it is too small to house the estimated 200 works that will comprise the collection of the new museum.

The works will come from Christine Ruiz-Picasso, the artist's daughter-in-law, but it is not yet known if she will sell the paintings to the government for display in the new museum or donate them.

Last year, the collection went on tour in Spain and southern France with works representing a wide range of Picasso's many different styles and techniques.

The Ruiz-Picasso collection will be augmented by a few early paintings, drawings, and ceramics of the artist already owned by the Malaga Museum of Fine Arts.

Years ago, Malaga made a bid to become the permanent home to Picasso's most famous painting *Guernica* when it was to be sent back to Spain from New York after the return of democracy to the country.

Depicting the German air force's bombing of that peaceful, Basque market town during Spain's civil war, for many people *Guernica* is the best rendering of the horrors of war ever painted.

The town of Guernica and Barcelona also wanted the

painting, but it eventually went to Madrid to hang in the world-famous Prado museum before being moved recently to the nearby Queen Sofia Museum of Modern Art.

Picasso finally settled in southern France, vowing never to return to Spain as long as dictator Francisco Franco lived. The artist died in 1973, two years before Franco passed away.

—Benjamin Jones

VIENNA

MARKING A MILLENNIUM

Although barely out of its infancy as a member of the European Union, Austria hits the ripe old age of 1,000 this

year. The country has spent 1996 looking back at the reasons Austria has an indelible place in the history books.

The first known mention of a territory called Austria came on November 1, 996 AD, when Holy Roman Emperor Otto III gave some 2,000 acres of land to the bishop of Freising in Bavaria. The deed to the land bore the name *Ostarrichi*, High German for *Osterreich*, or Austria. The document later was heralded as Austria's birth certificate.

The birth of the country would not be realized for hundreds of years. It was territory coveted by others. Austria became a duchy but soon was engulfed by neighboring Germany when Rudolph I of Hapsburg claimed the land as part of a growing empire. Vienna became the jewel in the crown that would rule for some 600 years. After coming into its own as a republic after World War I, Austria found Hitler's Third Reich at its door. Even after World War II ended, the Allies fought for 10 years over the country's future. Only the promise of neutrality brought Austria lasting autonomy.

Amid the country's 1,000 years of existence, Austrians proudly point to the accomplishments of their native sons in the fields of science, art, music, and literature, including names such as Mozart, Haydn, Schubert, writer Franz Kafka, physicist Christian Doppler, and botanist Gregor Mendel. Museums and cultural organizations throughout the nation have highlighted several of these contributions as part of the millennium celebration.

Vienna's Museum of Applied History takes visitors on a tour of the nation's intellectual and cultural history. The exhibit runs until November 10. The Museum of Fine Arts marks 1,000 years of music in Austria in an exhibit that will continue until February 1997.

The Augarten Palace, home to Europe's second oldest porcelain factory, is displaying many pieces from the Hapsburg Dynasty that have never before been shown to the public. Even 70 Viennese restaurants have been taking part in the festivities by featuring a national dish each month this year.

Although Schoenbrunn Palace offers no special events surrounding the anniversary through the end of the year, the Hapsburg's country home merits a visit. Just outside Vienna the palace is a testament to the riches in Austria and the power the family had over much of Europe for some 600 years.

In other parts of Austria, the city of

Sankt Pölten explores the people, myths, and landmarks of the millennium until November 3. And the museum at the Altaussee Salt Mine in Styria is celebrating with an exhibit entitled *1,000 Years of Women's History in Austria*. Women such as Hapsburg's Maria Theresa and Marie Antoinette helped shape not only Austria's history, but all of Europe's. The Kornberg Palace, also in Styria, traces the life of the knightly orders in Austria with *Honor and Vanity*, a look at the orders from medieval times to modern day. The women's history exhibit continues through the end of the year, and *Honor and Vanity* closes October 27.

Experiencing Austria's musical offerings is not easy in the fall when there is a lull in the concert and festival schedule. One setting that gives visitors a taste of the country's rich musical tradition is the Minorité Church in Vienna. One of the oldest and largest churches in the city, the Minorité Church hosts classical concerts through October, many of which will be celebrating the theme of the millennium.

For more information on Austria's millennium, contact the Austrian Press and Information Service at (202) 895-6775 or <http://www.austria.org/>.

—Christina Barron

DUBLIN

SUTHERLAND DISCUSSES TRADE

Ireland's summer schools, the gatherings of the great and good that have been a part of the Irish summer landscape for more years than most of us care to recall, offer a range of subjects from poetry to traditional music to wider aspects of Irish and European culture and politics, attracting scholars and students from all parts of Europe, North America, and even further afield.

The schools—there are now more than 20 high profile gatherings—also provide a useful forum for the exploration of big ideas from “star” academics, politicians, captains of industry, and the media.

This year, on Ireland's western seaboard in the small town of Ballina, in County Mayo (where the next most westerly parish is Boston), it was Peter Sutherland's turn to launch his views on tomorrow's world in a keynote address to the Humbert Summer School.

Mr. Sutherland has more than interesting credentials on the world stage. After a highly successful career at the

Irish bar, he served as Ireland's attorney general (the country's chief law officer). Later, he went to Brussels as a European commissioner before taking over as director general of GATT and, subsequently, the first director general of its successor World Trade Organization. He now is chairman of Goldman Sachs International.

So when he speaks on something like the challenge of world globalization, people sit up and listen. He admits that the term itself is on the lips of every contributor to economic debate and has become hackneyed, if not understood.

He concedes that it is difficult to comprehend the pace and extent of the evolution in the world economy.

He told the Humbert School: “Within the space of a few years following the collapse of communism, we have seen the integration of a further 3.5 billion people (out of a total world population of 5.5 billion) into the free market economy system, broadly defined. Increasingly, we have free movement of goods, services, and capital on a global scale—and, to a lesser extent, people.”

At which point Mr. Sutherland looks back: “When we talked of 1992 and the completion of the internal market as a European Union objective in the late 1980s and early 1990s, we questioned whether it could be realized. Now, at least in theory, the conclusion of the Uruguay Round and the creation of the World Trade Organization has signaled a virtually universal acceptance of rule-based system of global liberalization.”

Today, he says, we find recognized and influential figures such as the economist Fred Bergsten arguing for the objective of total global free trade by 2020.

Sutherland admits this may seem overly ambitious, but he claims it is moving in the right direction and says the “siren calls and seductive arguments of protectionists” should be rejected.

Apart, he says, from the economic benefits of free trade, it is a moral issue to provide opportunities to the developing world to participate in increasing prosperity.

And he doesn't spare people who plow a different furrow: “Those such as (James) Goldsmith and (Pat) Buchanan, who oppose free trade on the ground that it will impoverish the developed economies, are as misguided as those who tell the developing countries that they should not want an open world economy.”

He continues, "Happily, with virtually no exception, the developing world is taking the opposite position. The protectionist arguments now have more appeal in the rich countries than in the poor."

Sutherland points to Irish economic achievements over the last 25 years "as largely the consequence of the opening of our economy." Although he says that, notwithstanding Ireland's genuine achievements in the economic area, some of the current euphoria is overdone.

Such success, he points out, could not have been achieved without the huge support received from Europe. But if Ireland is to build on those achievements, Sutherland says there must be urgent action on the issue of tax reform and liberalization of the state sector.

"We remain today far more statist than virtually any of our competitors among developed economies or, indeed, in developing economies," he says.

The whole philosophy of statism and protectionism in Ireland—from telecommunications to energy to insurance to airlines to banks—must be reconsidered, he says, pleading that this should not be an issue between the political Left and Right.

He says he does not advocate indiscriminate privatization. There are services that should, by their nature, be run by the state, but they should be few and far between.

Heady stuff, indeed, for a summer school in a sleepy Irish town. But the thought-provoking views of Peter Sutherland are likely to find an echo, not just in Ireland, but in the wider world outside.

—Mike Burns

STOCKHOLM

THE BOOZE DEBATE

Since its entry into the European Union in 1995, Sweden has generally received praise for its implementation of EU directives. Sweden's free trade orientation is basically in keeping with the principles of the common market. There is, however, an issue that threatens to place Sweden squarely at odds with the European Commission as well as the Court of Justice—alcohol.

A restrictive attitude on alcohol (i.e. restrictive on sales practices combined with high taxes) has been one of the cornerstones of Swedish social policy throughout the century. Traditionally, the state-run Vin & Sprit company held a

monopoly on the import of alcohol, while the state-run stores, belonging to the company Systembolaget, were the only outlet for sales. Short opening hours (9-6 Monday-Friday) and high prices (induced by a significant alcohol tax) was intended to cure the ills of Swedish drinking habits, which were admittedly a part of a serious social problem in the late 1800s. As a result of its membership negotiations with the Commission, a temporary compromise was reached, abolishing the import monopoly of the former while letting the latter maintain its control of sales. The compromise also included an increase in the amount of liquor Swedish citizens could import for personal use from other EU countries.

On January 1, 1997, the Swedish "grace period" will end, and the government is now hard at work preparing for a new round of negotiations with the Commission to extend it. Already the interim agreement has caused great distress for the Swedish alcohol policy—and for the Swedish alcohol industry. Before 1995, residents of the Danish cities of Helsingør and Copenhagen, located just across the Oresund straits from Sweden, complained of Swedish "beer tourists" crossing by ferry to enjoy the cheap golden Danish brews. But what was once a trickle has since Sweden's EU membership turned into a stampede, with an estimated 6 million people crossing into Denmark every year, each one bringing back carloads of beer.

The Swedish brewing industry is concerned. So is the Swedish government, albeit for different reasons. With the Swedish alcohol tax, an average beer there costs three times as much as in Denmark. The incentive for any resident of southern Sweden to forego the local Systembolaget stores and pick up his or her 15 liter allowance in Denmark is understandable, not the least for a 17 year old Swede who runs no risk of being carded, since Denmark has no age limit for the sale of alcohol (where in Sweden the legal drinking age is 20). Once the grace period is up, moreover, the allowance would increase to 100 liters of beer, 90 liters of wine, and 10 liters of hard alcohol. In addition, the Swedish government is under pressure to lower its alcohol tax in line with EU levels, and the sales monopoly is under attack in a suit by a Swedish shopkeeper to the European Court of Justice. Smelling trouble already back in 1993, the board members of the embattled Systembolaget

hurried to negotiate favorable severance deals for themselves.

The government has already put forward a proposal for a modest reduction in the alcohol tax, which it hopes would satisfy the European Commission. Not enough, say the Brewers' Association, which has countered with a proposal of its own, much lower, which it claims would save the industry from the worst foreign liquor invasion. The Ministry for Social Affairs, however, is resisting making Swedish alcohol policy a hostage to labor market fears. It is backed by the Ministry of Finance, which is reluctant to see its revenues fall.

A worst case scenario for the government would begin with a failure in negotiations with the Commission to retain the current import quota; then see government revenues decreased sharply from a drop in the alcohol tax, thousands of angry unemployed workers from breweries that do not survive the EU transition; and finally an alcohol policy in shambles.

A recent study showed that Swedish alcohol consumption rose during last year by 2 percent. Still, this is one area in which the average drinking Swede may see EU membership as a blessing.

—Jonas Weiss

PHOTO CREDITS

Cover: (Clinton) Jeffrey Markowitz/Sygma, (Dole) Rick Friedman/Black Star, **p. 8-9 top:** © LUSA, **p. 8 bottom:** © LUSA, **p. 11:** © LUSA, **p. 12-13:** © Apesteguy-Benainous/Gamma Liaison, **p. 14:** Win McNamee/Reuters/Archive Photos, **p. 15:** SAMS/Sipa, **p. 16-17:** Jim Bourg/Gamma Liaison, **p. 18:** Ira Wyman/Sygma, **p. 19:** Gamma Liaison, **p. 20-21:** Gilles Bassignac/Gamma Liaison, **p. 22:** (Aubrey) Patrick Robert/Sygma, (Simonis) Courtesy of German Information Center, **p. 23:** (Mandelson) Sally Soames, (DeVries) Granata Press Service/Photoreporters, (Veltroni) Alberto Pizzoli/Sygma, **p. 26:** (Vranitsky) Courtesy of Embassy of Austria, (Dehaene) Lebrun/Photo News/Gamma Liaison, (Rasmussen) Courtesy of the Embassy of Denmark, **p. 27:** (Lipponen) Courtesy of the Embassy of Finland, (Chirac) Bettina Rheims, Courtesy of the Embassy of France, (Kohl) Courtesy of German Information Center, **p. 28:** (Simitis) Courtesy of the Embassy of Greece, (Bruton) Courtesy of the Embassy of Ireland, (Prodi) Sestini/Gamma Liaison, **p. 29:** (Juncker) Courtesy of the Embassy of Luxembourg, (Kok) Courtesy Fotopersburo Dijkstra and © RVD, (Gutteres) © LUSA, **p. 30:** (Aznar) Sergio Perez/Reuters/Archive Photos, (Persson) Pica Pressfoto/Courtesy of The Swedish Institute, (Major) Courtesy of British Information Services, **p. 32-33:** Jean Anderson/ The Stock Market, **p. 34:** Russ Kinne, Comstock, **p. 35:** Courtesy Irish Tourist Board, **p. 36:** (Clinton) Jeffrey Markowitz/Gamma Liaison, (Dole) Rick Friedman/Black Star, **p. 37:** Courtesy Nokia, **p. 38:** Courtesy of the Embassy of Belgium, **p. 40:** Jasper Juinen/Reuters/ Archive Photos, **p. 42:** Granata Press Service/ Photoreporters, **p. 44:** Courtesy of Fundacion Pablo Ruiz Picasso, **p. 47:** Sharok Hatami

Interview with **Art Buchwald**

After serving as a marine in World War II, Art Buchwald took advantage of the GI Bill and spent three years as a student before moving to Paris, where he got a job at the English language *International Herald Tribune*. As the paper's restaurant critic and columnist, he wined and dined with the glitterati of the postwar era. Mr. Buchwald recently spoke to *EUROPE* Editor-in-Chief Robert J. Guttman about his newly published memoir, entitled *I'll Always Have Paris*.

In your book you say that Paris is one of the loveliest and most civilized cities in the world. Why is Paris so wonderful?

I feel there's nothing like Paris as far as a city goes. It is beautiful. It's got a beauty that the other cities don't have. And secondly, you can't run out of things to do.

What about the people? Do you think the French have an attitude toward the Americans?

No, I discovered a long time ago the French don't like each other, so why should they like us.

You go on to talk about other nationalities, too. You went bat hunting in Britain. Is that characteristic of the British being quite eccentric?

Yes, the British are the British. That's where all the humor for my column came from. It's just everybody was different, and people like laughing at another nationality.

And what about the Italians? Do you think they meet the stereotype? Are they the most fun-loving Europeans?

Yes, the Italians are very warm. I like the Italians. They embraced you and took you into their hearts. Italians always have a cousin in Boston and one in Minneapolis.

You write that the *Herald Tribune* is unique. It was the American tourist's lifeline to home. Is that still true, with CNN and everything?

I think so. But there aren't that many Americans anymore in Europe. When the *Herald Tribune* was at its height and the Americans were at their busiest, the *Herald Tribune* was the Americans abroad lifeline with Europe.

What do you think makes the *Tribune* so special?

Well, one thing is it's the only paper in English over there, or was, for a long time, so people loved it. Secondly, it gave you just enough news; it didn't overload you. It's just clean, enough news. And also it became, in Turkey and Greece and Germany, wherever you were, it became your lifeline with home. That's what made it so great.

Why were you so popular?

I had the only column. And also I was an emotional tie to these people. My column in the States never had the same impact as it did in Europe, because an American would be crying in Italy and then he'd pick up my column and I'd make him feel better. People say that to me. I don't make that up.

You write in your book, "If there's one particular theme to

my columns, it was that nothing was to be taken seriously." Is that true?

Well, I didn't mean it that way. I said that I took serious things lightly and light things seriously. That was the formula.

Since you're one of the best-known humorists in the world, how would you briefly define "humor"? What is it?

To be on the same wavelength with another person and make them feel good, not necessarily make them laugh out loud, but make them feel better by saying things that they would have liked to have said.

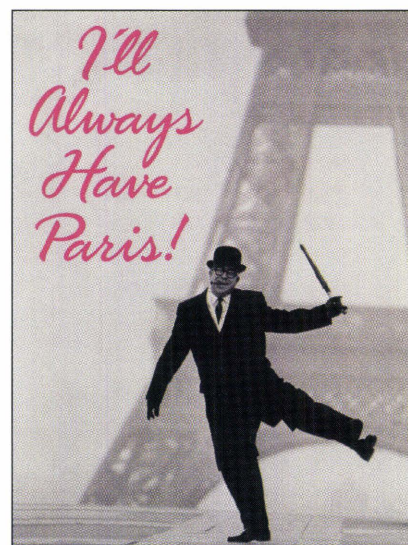
And you also write, "My craft is more sketching than writing; my column is almost a cartoon in words." Do you really believe you're not a writer?

Well, I am since my two books came out, *Leaving Home* and this one. But I always thought of myself as a columnist until then, or a humorist. A writer is one notch above a humorist.

Speaking of writers, is Papa Hemingway still the man to emulate? Do people still talk about him today?

I don't know if they talk about him today, but Hemingway, for us kids, he was the idol. I met him in Europe, and it was like meeting Joe DiMaggio. But when I met him he was kind of a caricature of himself by then.

I liked your piece about party



crashing in Venice when you dressed up like a French king. Could you still do that today?

No. It has all become very respectable now.

Is Venice one of the most unique cities in Europe?

I love it. Yes, Venice is wonderful.

What other city outside of Paris in Europe do you enjoy visiting?

I love Florence and Rome. Copenhagen is a great city. And there are some very beautiful girls in Copenhagen.

Would you still run with the bulls today in Spain?

I did it. You only have to do it once to prove your manhood, and then after that, you don't have to do it anymore.

You said you liked hanging out with the rich and famous. Are the rich different from the average person?

We're talking about power; being rich is having power. So I was fascinated with anyone who had power. So the people I hung out with weren't necessarily rich, they

were people who controlled the world, like Onassis. That's why I was fascinated with them.

And even the gangster?

Luciano, yes. He was powerful. And I had a good lunch with him. He paid for it.

You write, on a more serious note, "If you don't count the Holocaust, my anti-German feelings were irrational." How do you feel about Germans and anti-semitism today?

Well, I haven't been following it too closely, but my feelings were all based on World War II and what happened then, and they stayed with me when I went there. I couldn't shake them.

You write that you were always treated well in Germany, is that true?

Yes, everybody was nice to me. They read my column in the papers and on radio. I was very popular there. But at that time, I just couldn't forget what had happened.

Could you satirize Chirac today as well as you could De Gaulle back in the 1940s and 1950s?

No, nobody could characterize Chirac like De Gaulle. De Gaulle was by himself. He was probably, to my mind, the greatest man in Europe. He saved France. I mean, the generals were ready to take it over, and he saved it.

Do you think the "Ugly American" is still around in Europe?

No. An Ugly American needs money. We don't have any money anymore so we're not ugly anymore. The other problem is the French couldn't care less about Americans now, because when we were over there, we flooded the place, and they really didn't like us. But now there are hardly any of us, so they treat us nicely.

So the French don't care about

Americans too much anymore?

No.

And what about Americans? We don't care too much about France, do we?

It's not as popular as it used to be, mainly because I think of money. If it was cheap, I think people would still go there.

You talk about when you went to the countries under communism as "an adventure into the dark ages." Was it weird when you went to these places?

Yes. When you went to those countries during that period, they were really grim and dreary and life was terrible. So that's the way it was.

Do you think things have changed today?

I haven't been back, but apparently it's really booming.

Did you like Marlene Dietrich?

Oh, she was wonderful because I spent a whole night talking to her, and it was a very exciting night. She talked about all the men she had made love to, including Omar Bradley. Yes, that was the one that came to mind. She wanted to go to the front, and he wouldn't let her. So they made love, and he let her go to the front.

What do you think about the French? You said they're crazy about food. Why is that? Why are they crazier about food than anybody else?

They grow the best food, and they serve the best food. It's a tradition with them that they've passed on. It's their culture, and nobody can top them.

And you said after you'd been in Paris for about a month, it wasn't hard to forget the USC-Notre Dame game. Is that true?

No, that was a joke.

Any thoughts about American-European relations today? Do

you think they're good?

I think they're better than they have been, and every once in a while you get into a Saddam situation where the French won't play ball, and then everybody is mad at them again. But it's better than it has been. There just aren't any giants left in Europe.

Do you think Americans think of Europe only as a tourist destination, rather than anything else?

No, they see it as a market for their stuff and buying stuff. It's become strictly commercial. That's all.

You said De Gaulle was one of the giants. Who else would you consider a giant in the last century in Europe?

Winston Churchill. And then Willy Brandt. And all the people behind the Iron Curtain.

So how's your French? Excellent?

My French is weak. Very weak.

BOOK REVIEW

I'll Always Have Paris

By Art Buchwald; G.P. Putnam's Sons; 236 pages; \$25

Art Buchwald is funny. That is obviously not a giant revelation when one is talking about one of the best-known humorists in the world today. But if I had to use a word to describe his excellent new book of memoirs about his years in Paris during the 1940s and 1950s, it would be "funny."

It could also be "revealing," "poignant," "humorous," "sad," and "hilarious."

Taking advantage of the GI Bill, the former Marine spent three years at the University of Southern California and then took off for Paris to enjoy

himself and see if he could find a job. Was he prepared for Paris and a job with the *International Herald Tribune*, writing about restaurants and movies and hobnobbing with the rich and famous?

"My background as a foster child, an enlisted man in the Marines, and a student at USC had not exactly prepared me for this role of bon vivant in Paris, but I rose to the task," writes Buchwald.

Discussing his qualifications for reviewing French wines, for example, he states, "My past experience with alcohol was summed up by the moonshine I'd drunk in the Marines in the Central Pacific and the beer I'd tasted at USC off-campus bars. So I did what any self-respecting wine buff did. I faked it."

As the author writes, "If there was any particular theme to my columns, it was that nothing was to be taken seriously." From his famous Thanksgiving column to his crashing a masked ball in Venice to bat hunting in Britain to running with the bulls in Spain, Buchwald enjoyed himself immensely and shares his fun, happiness, and overall merriment with readers in this second volume of his memoirs.

Buchwald discusses his "fairy tale wedding" and marriage while he was in Europe and his becoming a father when he and his wife adopted three children from three different European countries.

His description of his times with celebrities, who ranged from Cary Grant to Ingrid Bergman to John Huston to Marlene Dietrich, are quite humorous and descriptive of the era. Art Buchwald was a man who enjoyed himself to the fullest while he was in Paris from 1948–1962, and his enthusiasm and sense of adventure are quite apparent throughout this fun to read book.

—Robert J. Guttman

Largest international no-load manager¹

100% NO LOAD

THE POWER OF GLOBAL INVESTING

T. Rowe Price International Stock Fund—performance potential plus diversification. If you want to diversify for enhanced return potential with reduced risk, don't overlook international equity investing with T. Rowe Price. By providing exposure to potentially stronger-performing foreign markets, international stock investments can help increase long-term returns. And, since foreign economies tend to move independently of each other and the U.S., diversifying internationally can actually help reduce the overall volatility of a domestic portfolio.

Our International Stock Fund—one of the oldest and largest international no-load mutual funds—follows a prudent strategy of investing in the stocks of established companies outside the United States. It has proven itself over periods of both up and down markets, in times of both a weak and a strong U.S. dollar. In fact, the fund's success has placed it on the *Forbes* Honor Roll for the seventh consecutive year—the only international mutual fund that can claim this distinction. The fund's performance from 3/31/84 to 6/30/96 was considered; 18 honorees were selected.*

Forbes
Honor Roll

7 years running

Benefit from our expertise. At T. Rowe Price, we've been helping people invest overseas since 1979, when we joined forces with Robert Fleming Holdings, Ltd., one of the world's oldest and most successful international advisers, to form Rowe Price-Fleming. Today, Rowe Price-Fleming serves as investment adviser to our family of international funds and manages nearly \$29 billion in foreign stock and bond assets.

Let us show you the world. To learn more about the International Stock Fund, or any one of our other foreign equity funds, request our free report, *The Basics of International Stock Investing*, today. Of course, international investing has special risks, including currency fluctuation, political and economic instability, and the volatility of emerging markets. As with any stock fund, there will be price fluctuation. \$2,500 minimum investment (\$1,000 for IRAs). **No sales charges.**

T. Rowe Price Family of Foreign Equity Funds

- Global Stock Fund
- International Stock Fund
- International Discovery Fund
- European Stock Fund
- Japan Fund
- New Asia Fund
- Latin America Fund
- Emerging Markets Stock Fund



Call 24 hours for a free report and prospectus

1-800-541-6127

<http://www.troweprice.com>

Invest With Confidence®
T. Rowe Price 

¹Strategic Insight Simfund. *As cited in *Forbes* magazine (Mutual Funds issue) dated 8/26/96. The honorees are chosen annually; candidates must be open to new investors and have had the same management for at least 5 years. Sector funds are excluded. Read the prospectus carefully before investing. T. Rowe Price Investment Services, Inc., Distributor.

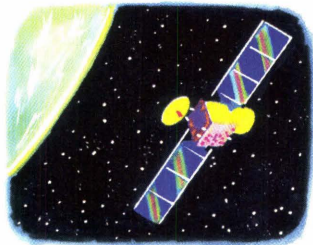
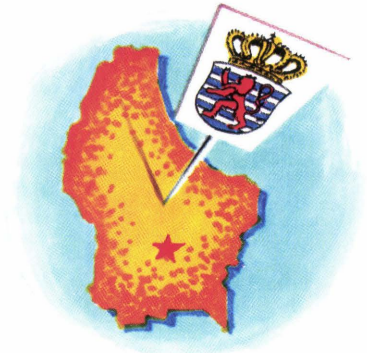


ou almost certainly know about our size (small). And

about our standard of living (high). You

have probably heard about our financial center

(strong). And you might have heard about our



high employee productivity (Europe's best). Or, the

launch of the newest Astra TV-satellite (the sixth).

But did you know that Luxembourg is also

one of the most vital manufacturing centers

in Europe? And that major corporations like



AVERY DENNISON

and **GOOD YEAR** and



and



are located here? Find out why.

LUXEMBOURG

eco

Luxembourg Board of Economic Development
One Sansome Street, Suite 830, San Francisco, California 94104
Tel: (415) 788-0816, Fax (415) 788-0985

17 Beekman Place, New York, New York 10022
Tel: (212) 888-6664, Fax: (212) 888-6116

2200 Massachusetts Avenue, Washington, D.C. 20008
Tel: (202) 265-4171, Fax: (202) 328-8270

YES. I am interested in Luxembourg.

General information.

Industrial/Manufacturing opportunities.

Mail coupon to:
Luxembourg Board of Economic Development
17 Beekman Place, New York, New York 10022

Name _____

Company _____

Telephone _____

Address _____