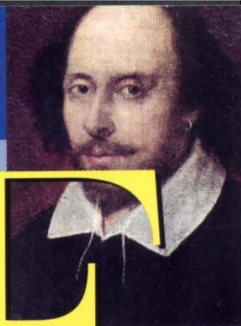


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**ROTTERDAM: MAINPORT EUROPE**



# ROTTERDAM MAINPORT EUROPE

**R**otterdam is the second largest city of the Netherlands and the world's largest port. Every year 32,000 ocean-going ships call at Rotterdam, carrying around a million tons of cargo which can then be swiftly transported to all of Europe.

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Europe, this market can increase to some 800 million. Rotterdam, of all European ports, offers by far the most extensive and efficient connections to this vast hinterland, making it truly the main gateway to Europe. It is, for example, the UK's second largest port, and if one considers the total cargo destined for Germany, Rotterdam is a larger "German" port than all actual German ports combined.

Its hinterland connections, together with the high quality of its services, constitute the key elements to its international success. Of the various modes of transport used—by road, rail, or water—inland shipping and rail shuttles deserve to be singled out as two reliable and ecologically sound options for moving goods throughout Europe.

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Inland shipping is by far the most important mode of hinterland transport for the port of Rotterdam. Nearly 50 percent of its international cargo is transported by barge. Due to its location on the Rhine, Rotterdam is in a perfect position to make good use of a sophisticated network of waterways linking it to many destinations in Germany, Belgium, France, and Switzerland. Since the opening of the Rhine-Main-Danube canal, which connects Rotterdam with the Black Sea, huge barges can now also sail to Central and Eastern Europe.

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With European autoroutes reaching near-saturation point, the European Union is actively encouraging the development of rail transport as an environmentally safe way of moving large quantities of cargo

quickly over a long distance. Rotterdam is linked by an extensive network of rail shuttles—250 per week—to 26 national and international destinations.

The shuttles depart directly from Rotterdam's two Rail Service Centers, which are situated close to the container terminals to make loading as rapid as possible. Transit times are short, varying from less than 24 hours to destinations in Western Europe to 48 hours for points in Eastern Europe. Rail transport is ideal for a large variety of goods, ranging from bulk parcels like coal and ores to chemicals, cars, and temperature-controlled cargo.

## PORT PLAN 2010

For the future, Rotterdam is preparing to retain and strengthen its position as Europe's main port. By 2010, the volume of bulk inland shipping will grow by over 45 percent and inland shipping by container will double or triple in volume. Bulk rail transport is expected to be more than three times greater than at present, while container transport by rail will be as much as four times higher.

The port of Rotterdam will be ready for both. Its expansion plan for the 21st century, Port Plan 2010, includes the creation of additional inland shipping and rail links to the European hinterland. The Betuwe line project between Rotterdam and the German railway network, for example, will create the only European rail link dedicated to freight.

Now and next century, Rotterdam offers exciting international business opportunities in the busiest port and industrial area of the European continent.

For more information, contact:

John Bertram

North American Representative for the Port of Rotterdam

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# EUROPE

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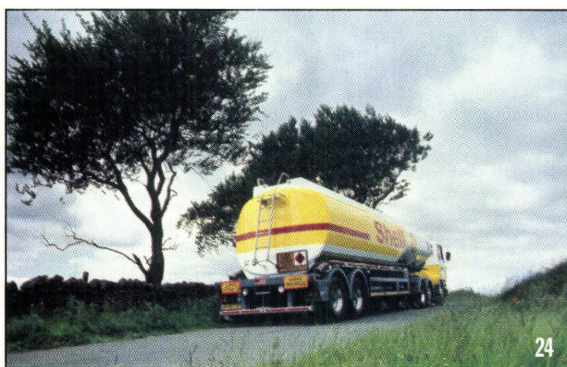
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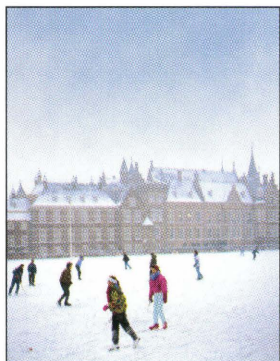
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# Letter from the Editor

**"P**reparing the European Union for the 21st century," will be one of the main goals of the Dutch presidency of the EU according to Wim Kok, the prime minister of the Netherlands. As the Netherlands takes over the presidency of the EU in January, *EUROPE* spoke with the prime minister to find out his plans for preparing the EU for the 21st century. In a wide ranging interview, Prime Minister Kok, whose background is in the labor movement, speaks out on the new European single currency, the euro, NATO, EU enlargement, Dutch business, and unemployment.



**Winter scene in the Hague: Skaters make use of the pond in front of the government building, which includes the "Little Tower," the office of the Netherlands' prime minister.**

The likely first president of the European Central Bank when it is established will be a Dutchman named Wim Duisenberg. Mr. Duisenberg, the head of the Dutch central bank and soon to become the president of the European Monetary Institute, is profiled in an article by our Hague correspondent Roel Janssen.

Janssen also profiles the political and economic mood of the Netherlands and finds everything "surprisingly calm". In an article entitled "Goodbye Guilder, Hello Euro," Janssen points out that a large majority of the Dutch people are enthusiastic about the new European single currency.

The Netherlands is the third largest investor in the United States behind the United Kingdom and Japan. Dutch firms have investments in the US of more than \$67 billion, more than Germany, which is five times bigger than the Netherlands but with only \$48 billion in American assets.

The Netherlands, a small country, packs a powerful punch in the US business community from films to banks to consumer products. Philips, the global Dutch-based consumer electronics firm, also owns Polygram, which in turn owns Motown Records. Other Dutch firms with a large US presence include Heineken, KLM, ABN-Amro, ING, Ahold, and Reed-Elsevier.

The Hague has been called "Europe's most important village." It is the Netherlands' seat of government and the international legal capital, but there is much more to the Hague than government and law. Find out about the Hague's seaside resort, good restaurants, and great museums in our tour of this charming Dutch village.

Mike Burns, writing from Dublin, reviews the current movie *Michael Collins* and then tells us who the real Michael Collins was. We also look at the phenomenon of works by Jane Austen and Shakespeare turning to gold at the movie box office in the 1990s.

During this holiday season, *EUROPE* asked each of our Capitals writers to describe how Christmas and New Year are celebrated in their respective countries.

The staff of *EUROPE* wishes all of our readers a Happy New Year!

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

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### **Interns**

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### **Design**

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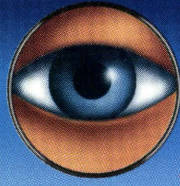
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Reuters has contributed to news reports in this issue of *EUROPE*.

# EYE ON THE EU



Profiling  
Personalities and  
Developments  
Within the  
European Union

**T**here are now more lobbyists in Brussels than anywhere else in the world, with the single exception of Washington. The exact number is unknown, but it cannot be much less than 10,000. A few of them are there to lobby the Belgian government, but the great majority are focused on the institutions of the European Union: the Commission, the Council of Ministers, and, increasingly, the European Parliament.

The Parliament is targeted because of the greater powers it has received as a result of the Single European Act of 1986 and the Maastricht Treaty of 1992. Since then, 80 percent of the amendments to EU legislation proposed by the Parliament have been adopted. Most of these do not concern major political issues. More typically they address technical details, which can translate into the gain or loss of large sums of money for the commercial interests involved. Most of this legislative work is done in parliamentary committees, and it can be well worth the effort of a lobbyist to concentrate on a few key members of the appropriate committee to try to influence their decisions.

Most Members of the European Parliament (MEPs) do not object to the presence of the lobbyists. They believe that they are there to be lobbied and that it is part of their job to listen to lobbyists and engage in dialogue with them. Yet they are concerned that everything be above board and that there should

be no question of hidden payments to MEPs to influence their actions and votes.

Yet the Parliament was very slow to act to ensure the transparency of relations between lobbyists and MEPs. Parliamentary rules did require members to make oral declarations if they had a financial interest in a subject under debate, and there was

scandal in the British Parliament, when several conservative MPs were revealed to have secretly taken money from lobbyists in exchange for asking parliamentary questions.

The consequence was that MEPs felt irresistible pressure to act, and when the committee again produced proposals in July, they were

## **MEPs hope that one outcome of the current intergovernmental conference will be a further increase in the Parliament's powers.**

a limited register of MEPs' interests that was not open to public scrutiny. No rules at all governed parliamentary lobbyists, though some of them signed a voluntary code of conduct in 1994.

Early in 1996 the procedural committee of the Parliament proposed stricter rules concerning members' financial interests and a system of registration of lobbyists. These recommendations were turned down by the Parliament in a plenary session. This resulted in thoroughly bad press coverage, replete with innuendoes that the European Parliament was little more than a gravy train run for the benefit of its allegedly overpaid and overpampered members. Pressure to act also came from the exposure of the "cash for questions"

adopted by an overwhelming majority (457 votes to 50). The new, much stricter rules have been applied since the beginning of September.

One of the problems in the past had been in defining just who should be included in the category of lobbyists. The Parliament has short-circuited this difficulty by deciding that anybody who desires parliamentary access for more than one week is *ipso facto* a lobbyist. All lobbyists must now register each year with the Parliament. They receive identification badges and have limited access to the parliamentary buildings. No distinctions are made between commercial and non-commercial, paid or unpaid lobbyists. They will be required to abide by a code of conduct, drawn up by the Par-

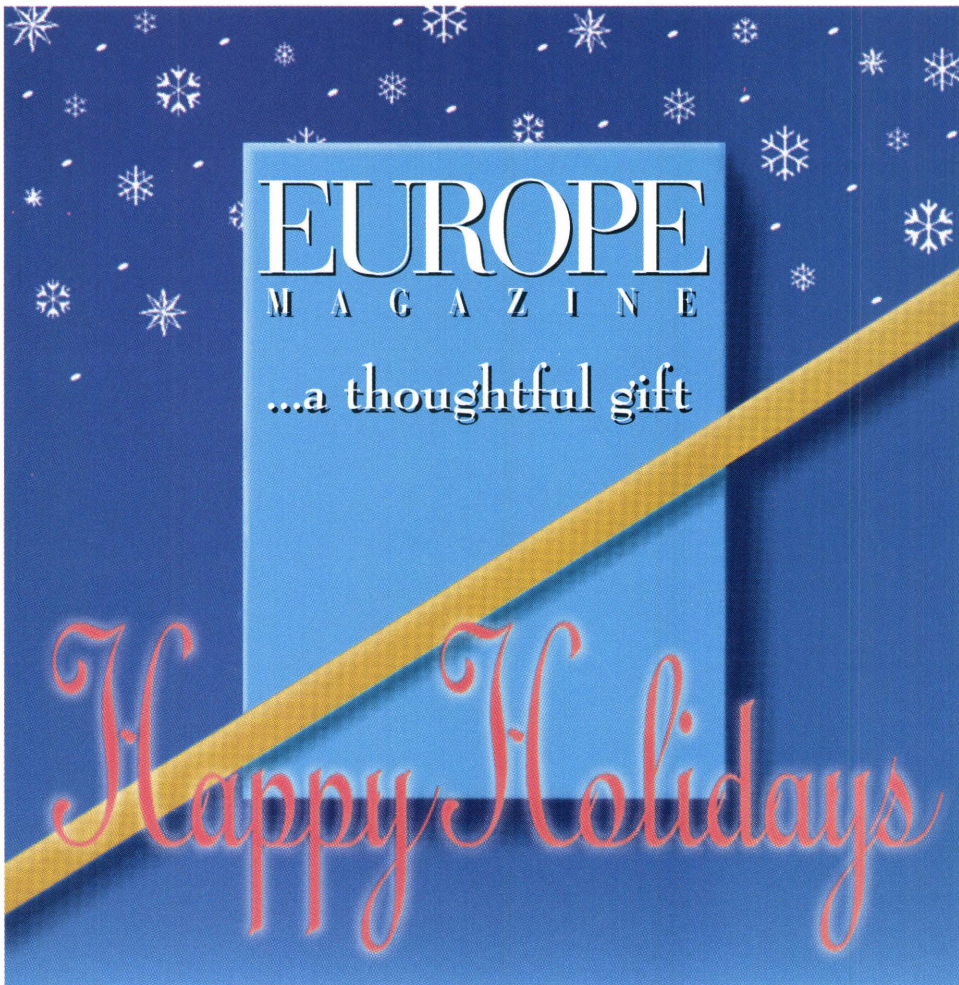
liament itself, though this had not yet been adopted. The register of lobbyists is open to public inspection at the Parliament's three places of work and at information offices in each of the member states.

So far as the MEPs are concerned, they must each provide an annual declaration of their interests, also open to public inspection. There is an absolute bar against receiving money or gifts, and they must record all assistance or visits paid for by lobbyists. They must record all paid functions or activities in which they are engaged.

Three further reports from the procedural committee will be submitted to the Parliament for approval in the coming months. The first will provide the code of conduct for lobbyists; the second will address the issue of members' assistants and their possible influence by lobbyists. The third report will explore inter-groups (cross-party, cross-national Parliamentary groups interested in a wide variety of subjects). Some of these groups receive substantial funds from outside interests, which often make themselves responsible for a group's running expenses.

These actions by the Parliament are greatly to be welcomed. MEPs hope that one outcome of the current intergovernmental conference will be a further increase in the Parliament's powers. If this is to happen they must be, like Caesar's wife, above suspicion.

—Dick Leonard



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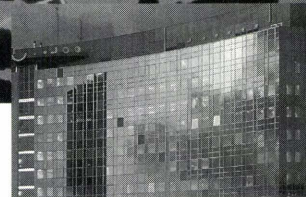
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# EU ONLINE

## WINTER WANDERINGS

To twist a line from Shakespeare, now is the winter of discontent for many. If an escape to the Greek Isles is the antidote, those who like to travel first by modem are in luck. A wealth of information awaits on the Web.

Mediacom's Internet Guide to Greece (<http://www.webcom.com/mediacom>) gives a colorful and thorough overview of the isles, beginning with a map to give some perspective to those who might want to hop from one island to another. Clicking on one area or one island, gives visitors to the site a brief history, several photos, and sightseeing suggestions. One possibility is Corfu, a densely populated island off the northwest coast of the Greek mainland. The architecture reflects invaders such as the Venetians in the 14th century and then the French in the late 18th century. By contrast is Crete, the largest of the islands and the farthest south, which features many undeveloped areas with mountain ranges, gorges, and forests of cypress and palm. As far as practical information is concerned, Mediacom details transportation options but suggests contacting the tourist office when looking for accommodations. It gives phone and fax numbers but no on-line resources.

Another site goes a step beyond Mediacom. The Tourist Guide of Greece (<http://www.vacation.forthnet.gr/>) features maps and overviews and also offers on-line reservations. Someone interested in visiting Mikonos, for example, could

use the Tourist Guide page to tap into seven hotels in Platy Gialos, a seaside resort on the south side of the island. The hotel offers photos and information about price, location, and amenities. Those interested can fill out a form to inquire about room availability and to reserve a room. The site also has information about events provided by the Greek National Tourist Organization.

Each of the sites is worth a bookmark if a trip to the Greek Isles is a possibility. They may not have all the resources of some travel agencies, but potential visitors can get a good idea of what the islands have to offer.

## SURFING FOR SANTA

Getting in touch with Santa Claus for last-minute Christmas list revisions can be a tall order, but a few web-savvy elves have streamlined the process with a few e-mailboxes in the North Pole. And while the letter-writers wait for a reply, the elves have made sure they stay busy with a list of frequently asked questions about St. Nick along with Christmas facts, stories, songs, and poems.

Workers at the North Pole must be hard to find this year because Santa has contracted out some of the work to some friends in Ohio. Santa's Helpers US Workshop (<http://www.pcrinc.com/santa>) has put up a homepage with space

to write directly to the jolly old elf and a promise of an e-mail in return. The helpers

post letters.

French children, or those wishing to find out about Christmas in other cultures, can contact two Web sites geared specifically for them. The Pere Noel Web site (<http://www.paroles.fr/noel>) introduces visitors to some of his helpers, such as Crocus, the flower fairy, and Fripon, the chief of the elves. Pere Noel also explains in English or French how he and his friends get together late Christmas Eve in the Forest of Bakou and celebrate another successful year of distributing toys, dolls, and games.

**JOYEUX NOËL A TOUS**

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Mes très chers amis,  
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En attendant cette belle nuit de Noël, venez tous dans la forêt de Bakou... Je vous réserve plein de surprises !

**Kids can now e-mail their wish lists to the North Pole and visit Santa's home page on the Web.**

also compiled the lyrics to some Christmas carols, such as "I'll Be Home for Christmas" and the less traditional "Grandma Got Run Over by a Reindeer." Web site users can find out where and how the Christmas tree originated and why Santa enlisted the help of the reindeer.

Some of the elves back at the North Pole helped Santa put up his own homepage (<http://www.northpole.org/>). He introduces visitors to all the reindeer and even reveals some secrets about the gang, such as Dancer's sideline as a reading instructor and Vixen's infatuation with herself. He also explains why he occasionally must dole out a few lumps of coal. Santa has an e-mailbox to which children can

## ON-LINE SHOPPERS BEWARE

Retailers are clamoring to use the Internet as a way to expand sales and provide more options to shoppers. A couple of European Web sites promise high-quality gift items and speedy shipping for harried Christmas or Hanukkah shoppers. But buyers should be aware that there are hazards to sending credit card information via the Internet and not all sites offer equal protection.

Bertrand Gourmet Food, which specializes in French culinary delights such as snails, foie gras, and chocolate, has its own Web page with on-line ordering (<http://www.bertrand.com>). Prices



start at a few dollars for a jar of jam and run to more than \$43 per pound of foie gras. After placing items in a virtual shopping basket, customers fill out their name and address on one page and are then assigned an ID number. A second, secure page appears for credit card details. On a visit to the site using Netscape, a Netscape message pops up saying the site is secure, and a broken key icon at the bottom of the screen changes to an unbroken key, the browser's symbol for a secure site. Bertrand says it verifies orders by e-mail the next business day and doesn't charge the customer until the orders are shipped. These precautions greatly limit the

possibility someone could intercept the message with the card number.

A Weekend in Florence (<http://www.nettuno.it/mall/>) is an unusual shopping experience in that it offers products, such as apparel, along with the booking of tourist attractions and selling real estate. Gift items range from scarves and Florentine photo albums for less than \$50 to luxury leather goods in the hundreds of dollars. The site is in English, and prices are in dollars, yen, and D-marks.

The creators assure delivery to most parts of the world within 48 hours and say they have encrypted the on-line ordering process. But a recent visit to the site found it im-

possible to complete the credit card transaction online. Perhaps the creators are fine-tuning the encryption. The site does give phone and fax numbers, however, so shoppers don't have to wait for the electronic ordering.

Blarney Woolen Mills of Ireland (<http://www.blarney.ie>) recently has taken a small portion of its mail-order catalog onto the Web. The traditional Irish gifts include crystal, Belleek china, Claddagh jewelry, and a "Quiet Man" tweed cap. Prices, listed in dollars, start in the \$40 range and climb to more than \$100. Blarney accepts credit card orders on the Internet but doesn't promote any security measures.

A recent visit with the Netscape browser indicated the site is not secure because the broken-key icon at the bottom of the page did not turn into an unbroken key. A company representative, however, said the process was safe from third party interference. For the meantime, better to safeguard against hackers and fax or call in toll-free.

While all three sites may attract some on-line interest during the holiday season, those with unencrypted ordering may give hackers a chance to go on a shopping spree with unsuspecting credit card holders footing the bill.

—Christina Barron

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# GLOBAL CORPORATE CONCEPTS AND DUTCH STRATEGY

Three international business concepts are gaining prominence for North American companies that are competing in global markets. These are: **value-added logistics or postponed manufacturing; shared service centers; and call centers.** The Netherlands is well-suited to play a prominent role in applying these concepts by providing a platform for their implementation by global or globalizing companies. Each of these modern concepts is geared to optimizing the balance between reaching out to customers and feeding the supply chain from a "home base." In other words, creating economies of scale and minimizing costs while servicing and growing a large, diverse overseas customer base.

These three concepts give companies a competitive advantage by enabling them to consolidate research and product design in the "home base," customize and localize products and services to better serve the customer, and reduce costs by consolidating support activities internally (administration and finance) and externally (customer support and telemarketing).

While the Dutch government will continue to benchmark itself against the world's most competitive countries and will use that information to develop or refine certain policies to maximize Holland's overall competitive advantages, we also, more specifically, are intensifying our efforts to accommodate world players who utilize the aforementioned business concepts.

Amgen, for instance, the world's largest independent biotechnol-

ogy firm, recently announced plans to invest \$65 million in a pan-European logistics facility in Breda. In addition to handling Amgen's logistics needs, the facility will be responsible for order fulfillment, package engineering, financial activities and customer service.

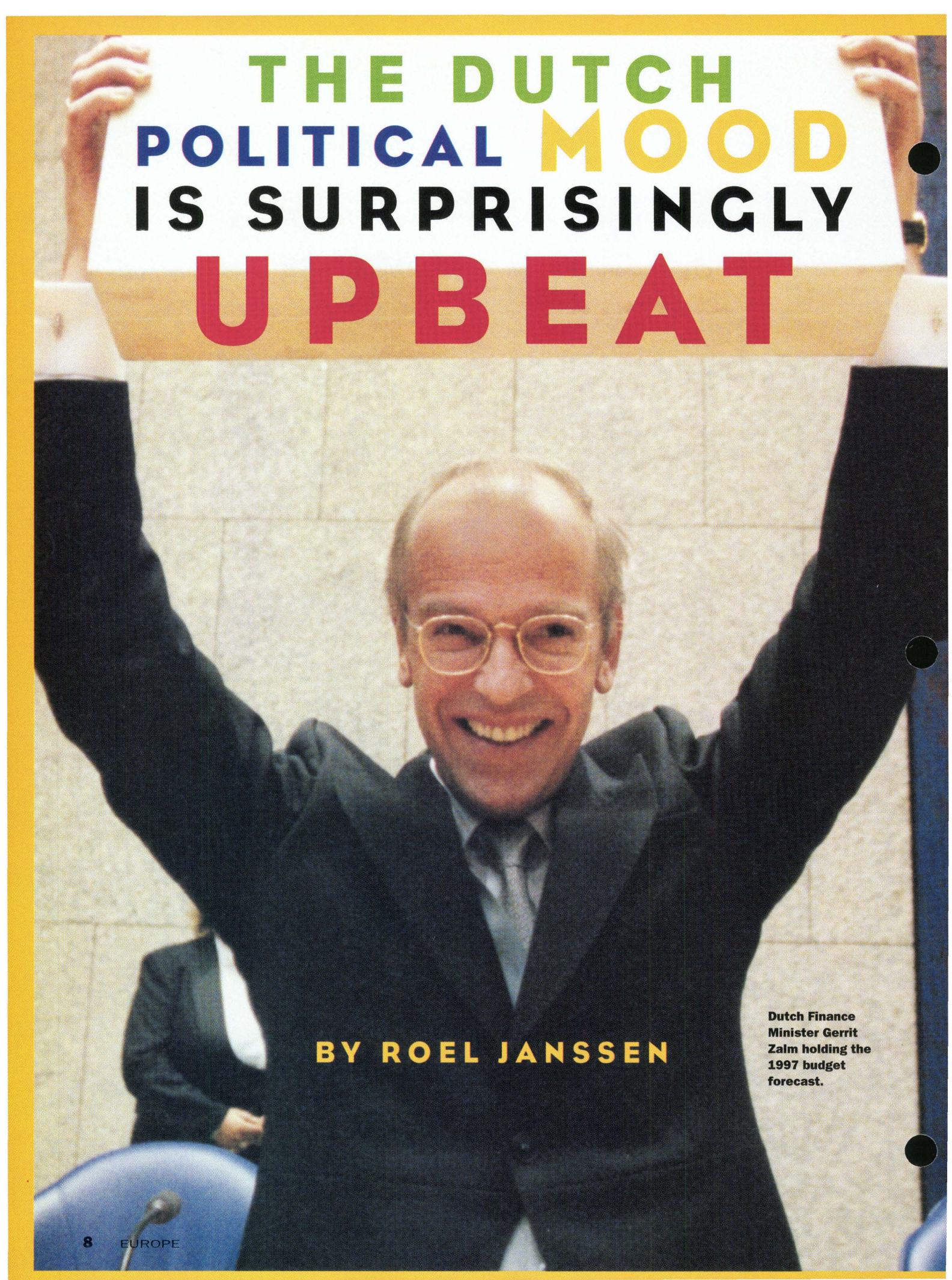
By Cap Vermeulen, Executive Director, North America  
Netherlands Foreign Investment Agency

Sony Music Entertainment has selected the Dutch city of Haarlem as the location for its new International Service Center. The \$50 million facility will serve as a centralized assembly, warehousing and distribution node for supplying compact discs, videos and music cassettes throughout Europe.

Cisco Systems, the world's leading supplier of internet working solutions, has recently selected Amsterdam as the site of its new centralized European fulfillment center. The facility will operate as a distribution center serving European, Middle Eastern and African markets and will also house a major telemarketing operation as well as administrative functions.

These companies have joined the more than 1,800 North American companies—in sectors like information technology, chemicals, food processing, medtech, biotech, auto supplies and consumer goods—that have set up headquarters and other facilities for manufacturing, value-added logistics, shared services, call centers, and research and development in the Netherlands.

By focusing on business concepts for which Holland provides a competitive advantage, accommodating clients' needs and recognizing trends, the Netherlands has found truth in the saying: "Build it, and they will come!"

A photograph of Dutch Finance Minister Gerrit Zalm, a middle-aged man with glasses, wearing a dark suit and tie. He is smiling broadly with his arms raised, holding a large white sign with a yellow horizontal band across the middle. The sign contains the text 'THE DUTCH POLITICAL MOOD IS SURPRISINGLY UPBEAT' in large, bold, multi-colored letters. The background is a light-colored, textured wall.

**THE DUTCH  
POLITICAL MOOD  
IS SURPRISINGLY  
UPBEAT**

**BY ROEL JANSSEN**

**Dutch Finance  
Minister Gerrit  
Zalm holding the  
1997 budget  
forecast.**

## THE DUTCH PUBLIC,

**which is accustomed to their political leaders portraying a Calvinistic sense of soberness, was caught by uneasy surprise when Gerrit Zalm, the mercurial finance minister, presented the government budget and macroeconomic forecast for 1997. Like a sports hero who had just won a trophy, Zalm held the traditional suitcase containing the budget papers in triumph above his head. His message: Things are moving in the right direction.**

**It was the first time in more than a decade that there was a general sense of optimism about the economic outlook. Indeed, compared to neighboring European Union countries, the Dutch economy is performing rather well. The economy is growing; employment is increasing; and unemployment is below the European average. Beyond that, the 1997 budget and economic performance hold significance because the results of next year will determine which EU countries will participate in the economic and monetary union.**

Dutch inflation and interest rates are among the lowest in the EU, and the guilder is as strong as the D-mark. Next year, the government deficit is predicted to be well below the ceiling set by the Maastricht Treaty, and the gross government debt, although still excessively high, is finally starting a slow decline.

So there is every reason to be modestly satisfied, and the current government can certainly claim credit. In 1994, an unusual government took power, a combination of Social Democrats, Liberals, and Conservatives dubbed the "Purple Coalition." For the first time in almost a century, the Christian Democrats did not participate in the Dutch government. Under the leadership of Prime Minister Wim Kok, a Social Democrat and former trade union leader, the Purple Coalition aimed to redefine the nation's collective and individual responsibilities. In a country that had become a caricature of an excessive European welfare state in the late 1980s, this goal was anything but superfluous.

Two years into the experiment of combining socialists and free marketeers in one government, a sense of pragmatism prevails. Without obstruction from the unions, a bold privatization program of the social security system is being executed, while the collectively financed health care and pension systems are also under close scrutiny. The cozy corporatism in many parts of the economy—for example the close cooperation between employers and labor organizations in the management of social security—came under attack. At the same time, long overdue measures have been taken to increase the flexibility of the Dutch economy and, particularly, the labor market. A symbolic, but important, step was the liberalization of shopping hours. Additionally, regulations for setting up businesses were diminished, and cartel-like agreements in several economic areas were abolished.

Also, the government has tried to make the Dutch labor market more flexible. Although progress in this area has been more difficult because of union opposition, the level of part-time and flexible workers in the Netherlands has grown spectacularly, helping to account for the increase in employment.

The unions did show their cooperative stance, however, by forgoing excessive wage claims. Thus, the competitiveness of the Dutch economy improved, particularly compared to neighboring Germany, where wages went up in the aftermath of the unification boom.

It is this combination of lower budget deficits, structural reforms, and wage restraint that, according to the finance minister, forms the ingredients for the above average Dutch economic performance. Indeed, some are talking of the "Dutch model" of economic policy. That may be exaggerated, but there is certainly a growing interest from other countries about the Netherlands' economic performance. The Germans are particularly keen on pointing to the Dutch as an example. Both Chancellor Helmut Kohl as well as Finance Minister Theo Waigel and Bundesbank President Hans Tietmeyer have urged the Germans to look across their border toward what's happening in the Netherlands. "The Germans need to follow the Dutch," Mr. Tietmeyer has plainly said.

With public finances under better control, the growth of the social security system tamed, and participation in the first group of monetary union secured, the government is preparing further steps toward a more market-oriented



**Schiphol airport is an integral link in the Dutch distribution network.**

**In a country that functions as a gateway to its European hinterland, infrastructure is of paramount importance.**

more market-oriented economy also means that the supervisory role of government should be more clearly defined.

But Prime Minister Wim Kok has set other ambitious goals. He likes to ponder the infrastructure of the 21st century. In a country that functions as a gateway to its European hinterland, infrastructure is of paramount importance. At the same time, it is extremely difficult to reconcile economic priorities and ecological conservation in a small, densely populated country. In a way, it looks like an unfinished jigsaw puzzle with the expansion of Schiphol airport, the enlargement of the Rotterdam harbor into the North Sea, the improvement of highways, and the construction of a track for a container railroad to Germany and for high speed trains linking the Netherlands to the European TGV network. Meanwhile, the local transportation infrastructure badly needs improvement (traffic congestion grows worse by the day), and cities urgently want new sites for housing expansion. All of this puts pressure on the land use—without even mentioning the importance of agriculture. The livestock and dairy industries as well as the greenhouse cultivation of flowers and fruits are all of immense economic importance.

In the struggle for more space coupled with the need to

economy. Pressure is increasing to cut taxes (absolute and marginal tax rates are among the highest in Europe), to lower further the collective share of the economy, and to pursue more flexibility in business and labor markets. At the same time, the government is redefining its own position. A

preserve the remaining natural landscapes and a livable environment, plans to reclaim new land from the sea and to put at least parts of the infrastructure in tunnels under the ground have been proposed. But, in the weak, boggy soil of the country, such plans pose technological risks and carry tremendous price tags.

Nevertheless, progress is being made. Traveling though the country, whether from east to west (120 miles) or from north to south (200 miles), one encounters construction sites virtually everywhere, and more is yet to come if Wim Kok's infrastructure plans for the 21st century are carried to fruition.

The political mood in the country is surprisingly calm. There appears to be a general satisfaction with the present government, although no excitement for it. Extreme parties, from the both left or right, can only count on minimal popular support. The Christian Democrats, out of government for the first time since 1917, are not yet in shape for a comeback at the next general elections to be held in 1998. Among other problems, the party has suffered from the absence of a convincing new leader since the resignation of Ruud Lubbers, who was prime minister and party leader for 12 years. If elections were held now, the three parties of the Purple Coalition would easily win another majority, and for now it appears they would like to continue governing together into the next century.

That may be the time needed for the government to fulfill its goals. The Purple Coalition's ministers are fond of saying that after years of losing ground the country should very soon be among "the top" of the European Union. The groundwork for that ambitious goal has been solidly laid. ☺

*Roel Janssen is EUROPE's Hague correspondent and a finance and economics correspondent for the NRC Handelsblad.*

# Prime Minister of the Netherlands **WIM KOK**

*EUROPE* Editor-in-Chief Robert J. Guttman interviewed Dutch Prime Minister Wim Kok at his office in the Hague. In a far-reaching discussion, the prime minister speaks out on the Netherlands' upcoming EU presidency, the intergovernmental conference (IGC), economic and monetary union and the single currency, labor unions, NATO, and EU-US relations.

## **When you take over the EU presidency in January, what will be your main goals?**

The main thing is preparing the European Union for the 21st century. Of course, we still have some time to go before the start of the 21st century, but the key issues for the near future are EMU and enlargement. The successful finish of the intergovernmental conference would contribute to a timely start of both EMU and prepare the ground for enlargement in the years to come. Our general theme will be helping to prepare the EU for the next century.

## **Will you be "building a bridge to the 21st century" as President Clinton likes to say?**

I wouldn't use that phrase. Half a year is only a limited period of time. We should not overemphasize the importance of such a half year period, but we know what has to be done. Enlargement is not just a technical matter. It's very important in this period, six or seven years after the collapse of communism, that we make clear to the countries of Central and Eastern Europe, and also to other candidates, that we are going to prepare ourselves for enlargement—of course, assuming that they also prepare themselves for that process. EMU is important. We have to prepare ourselves also for changes in agricultural policy and structural funds policy. For all these reasons, it's necessary that we do our homework the next half year under the Dutch presidency in a very serious and concentrated way. By doing so, we really prepare the ground for historical steps that will be followed up after the IGC.

## **What do you hope to see accomplished at the IGC? What are your goals?**

Progress has to be made in several main areas—the internal market, EMU, of course, the decision-making process itself, and employment is important. People must know that we are not just a free market but that we also want to create,



in the individual member states and in Europe as a whole, a framework of social conditions. A second priority is foreign security policy. And a third priority is the fight against international crime and the drug traffic. So in all these fields, progress must be made as far as the substance is concerned. And then in addition to that, we have to deal with institutional matters—how to make the decision-making process

more transparent, how to encourage openness of the European Union, how to improve the quality of democracy with a role—in addition to national parliaments—for the European Parliament. But in all these institutional matters, no matter how important they may be—and they are important—they should not be seen apart from progress on the substance. European citizens want to know what European politicians have in mind when they speak about the future of Europe. And the future of Europe needs progress in the field of social policy and employment, progress in the fight against international crime, progress as far as the European Union speaking much more with one voice on certain international matters. If we just concentrate ourselves on decision-making and institutional matters, then perhaps diplomats and some politicians will be happy. But the people will not be happy. So we have to be rather practical.

**Your background is in the labor movement. Do you think the EU has become known too much as a free market, and labor has been left behind?**

I don't think so. Everybody sees that Europe has the enormous advantage of the internal market process started in the mid-1980s by Jacques Delors in the European Commission and supported all over Europe. Without that, we would be in a much more difficult position in the international market. But of course, the free market, or the internal market, is not a goal in itself. It is an instrument to encourage efficiency, competition, and to get better performance out of the hundreds of millions of people in the European Union. But you need, at the same time, a number of acceptable social conditions, a social framework. While we in the Netherlands are a consensus-minded society where, of course, differences of opinion exist, we try to bridge the gap that exists sometimes between business and labor and employers and unions. And of course, we cannot agree about one social model for the whole of Europe, from Greece to Ireland to Denmark. But certain elements of our national success must also be implemented in the European model. So I always say one market is okay, one single currency is okay, but we need a framework of social and employment conditions.

And that cannot be imposed by Brussels. National states have the first responsibility, but in the field of coordination—listening to each other, learning from each other, cooperating—you can do better than when every country just does its own homework without having that type of framework.

**Why do you think that such a small country as the Netherlands has such a huge global presence?**

We have some multinational companies here. Some are solely Dutch, some Dutch-British—such as Shell and Unilever. And we have quite a presence all over the world. We are the sixth largest foreign investor all over the world. In the United States we are the third largest. This is partially because of the fact that we have a very open economy. We have to import a large amount, and we are also dependent on exports. We have, of course, a long history as a seafaring

and trading nation. Commerce has always been important. And it should not be forgotten that our pension system leads to rather large funds. The way in which we finance our pensions in the Netherlands, including pensions for civil servants, for example, is different from quite a lot of other European countries. [In that regard] we are only comparable to a certain extent with the United Kingdom. We have a capital fund system. In quite a number of European countries, civil servants get their pension and retirement benefits out of the budget. We save in advance so we are really a money saving country and that leads to a large amount of capital that can be invested abroad. That's one of the reasons. But the second reason is that we have an open economy and an outward-looking mentality and tradition.

**Why do you think the US is such a good market for Dutch business?**

The US is an excellent market for investment. We are number six worldwide in outward investment, and in the United States we are number three. The United States has the attractiveness of huge markets, and the business contacts between the US and the Netherlands are always excellent. One way or the other, we understand each other very well. We like to cooperate with Americans. We also have a lot of American companies in our country, with special head offices, headquarters, financial centers. We are very happy with US-Dutch relations.

**Do you try to promote the Netherlands as a transportation center?**

Yes, we do. But that's not the only asset we have. We have, of course, the two main ports, the Rotterdam seaport, which is the largest in the world, and the Amsterdam airport, which is among the four or five largest airports in Europe. Distribution, transport, logistics are very important now and will be in the future. We will even provide more infrastructure in order to connect Rotterdam with the hinterlands and the German market. But in addition to transport, we should not only be a main port, but also a "brain" port. We must invest much more in technology. We are doing so already, but we will give even more emphasis to that, technology centers of excellence, research and development, because you need a top quality economy to be competitive in the long run. That is why we are now preparing huge investment schemes. We are a relatively small country as far as area is concerned with a population of 16 million people. The population will be growing in the next few years. People need jobs. You must know where you want to earn your money 10 or 20 years from now, and you must be in a continuing process of modernization.

Transport is important, but it is not enough by itself. Transport is not the only asset we have. We must develop ourselves and modernize ourselves in more fields. And, of course, all the time take into account the environment. Especially in a densely populated country like the Netherlands, it's very important to have a kind of harmony between economic modernization and taking environmental conditions into account.



**What is your scheme for the infrastructure? What different things do you have planned for the next few years?**

We have a lot of infrastructure projects, in terms of public transport. The public transport schemes between the large cities here in the western part of the country—Amsterdam, Rotterdam, and the Hague—must be modernized. We cannot go on with the growth of car traffic. Mobility is, of course, a reality in life. And possession and use of cars is very popular, but we see that there are also economic disadvantages of the lack of possibility for people to use their cars, especially during rush hours, so there must be alternatives, modernization of public transport in various ways. We should also make better use of underground space, which is not easy in the Netherlands because half of our country is below sea level. But there are techniques to make it possible to better use underground space. We will soon begin the debate about a second national airport, yes or no, and if yes, where? We don't have so many possibilities for that.

Infrastructure is, of course, a broader theme than just roads and public transport. It is also a matter of vital big cities, a matter of social cohesion. Last, but not least—knowledge, technology, universities, research—they will cost a lot of money, but at the same time, they will create a basis for a strong economy in the long run where people will have jobs and opportunities.

**A couple of questions on the EU. Do you think you're on track for EMU?**

I would say so, yes. The deficit will be far below 3 percent next year. In 1997, we expect to have a deficit of 2.2 percent of GDP. The Maastricht target is 3 percent. Nineteen-ninety-seven will be the year where the results will be decisive for whether or not countries qualify. The debt ratio in the Netherlands is still more than 60 percent. You know that countries, if they exceed 60, have to show a steady decline. Ours will show a decline by about 2.5 percent. So from somewhere, let us say, 77.5 percent to 75 percent, so the trend is okay. And in other fields, as everybody knows, interest rates, inflation, the Dutch economy is performing sometimes even better than Germany's. I'm confident that we will qualify just in time for EMU so that we are part of the group of countries that form the first group in 1999.

**Do you think the citizens of the Netherlands are willing to give up the guilder for the euro?**

Yes. The recent polls have shown that about 70 percent of the Dutch population is in favor of the euro. It will be strange, also for myself, not to use a guilder anymore but to use a euro. But there are a lot of advantages for businesses and consumers. Everybody knows that it's much easier to travel in Europe without changing money anymore, and for business it will become much more practical. The only concern is that people want to be sure that those who participate

in the EMU and form the euro together will all be solid and stable partners. If it became doubtful that the euro was a solid currency, then public opinion would easily change its mind, and I myself also. There's a Dutch saying, "You know what you have. You don't know what you get." What we have is a strong and stable guilder. As long as we know that the euro will be as solid and stable as the guilder, there's no problem. As soon as the euro is a less hard currency, you would have to give in because of a lack of courage in the decision-making process, then you enter into a minefield of doubts and concerns.

**But you're positive the euro will be strong?**

It must be strong. If the euro is strong, we have no problem at all. We are convinced Europeans. We have an open economy, a lot of exports and imports. We know that it is sometimes difficult to compete, but it's better to be competitive and to have a good performance than just be protected because protectionism leads to laziness and to a lack of modernization. We must have an open mind. And a huge majority of the Dutch people share that view.

**IN ADDITION TO TRANSPORT, WE SHOULD NOT ONLY BE A MAIN PORT, BUT ALSO A "BRAIN" PORT. WE MUST INVEST MUCH MORE IN TECHNOLOGY.**

**Is the EU going to have a common foreign and security policy implemented in the near future?**

You will not see a common foreign and security policy shaped overnight. That's a process. But progress has to be made. The present situation is not satisfactory. There must be progress in the field of the quality of preparation, decision-making, and functioning of common foreign and security policy. We must make progress on the three pillars—internal market, employment, common foreign and security policy, and international crime. These are all fields where the IGC should show progress.

**What do you think about relations between the EU and US today? What are your major problems?**

NATO and NATO policies, former Yugoslavia, Bosnia—well, the whole political map, also future relations vis-a-vis Russia, which are of key importance and also related to the future and enlargement of Europe. And commercially, we have some problems nowadays, the Helms-Burton Act... We should do what we can in order to prevent problems where we would have controversial positions.

The US-EU agenda remains very important. We also have huge responsibilities in the broader context of the world—UN reform, the WTO. So let us not hide some problems that sometimes exist between the US and EU. Some of the commercial issues I just mentioned are pretty delicate, but their solutions must be found because transatlantic cooperation between the US and the European Union, both politically and economically, is of extreme importance. I would not like to cooperate with a European policy where we would turn our back to the transatlantic partners. That is also the way in which we see, for example, European foreign and security policies. You know that we want a stronger presence of European countries within NATO, but we would never like to create some kind of controversy between the United States and Europe. No, by strengthening our role in Europe, we are stronger partners. Partnership is the first priority, and partnership means that if you have some delicate problems like today in the commercial field, okay, they have to be solved in the spirit of cooperation and the spirit of open-mindedness.

**You mentioned NATO. Do we still need NATO now that the whole world has changed since the end of communism?**

Yes. The world has changed, but the world has not become a safer place. NATO has shown in various fields how important our transatlantic cooperation still is and how important our presence is. I mentioned the former Yugoslavia already but also in other fields. Since the collapse of communism, NATO has become much more an instrument for peace and stability, and the enemy is not there anymore. The world has changed, indeed. But the necessity to have instruments for peace and stability is still there on the continent and elsewhere. I'm very happy that we are now in a period of modernizing and reorganizing NATO. The French, of course, are more interested in participating, which is a very good thing. We are now in the process of NATO enlargement. That has to be done in a very careful way...The Russian federation, of course, has no veto on that, but we must develop a common understanding with Moscow. And again, NATO can do a lot together with the Russians in order to bring down suspicion and fear. NATO is not a threat to anybody. NATO should be an instrument for peace and stability. I'm convinced of the necessity of this organization. And I'm very happy to have very good cooperation with the Americans in NATO.

**How would you describe Russia today?**

We are already developing a type of new partnership with Russia. In the economic field, cooperation is important. The EU does a lot in the field of technical assistance and financial contributions in order to make developments in Russia possible. We have also indirectly our role in the G8 policies. Quite a number of G8 countries are European countries. The IMF should not forget that there is more than Russia of course. Ukraine should not

be forgotten when we pay attention to the financial and economic developments in the region. Russia is still an important country.

**What do you think is the major threat or problem in Europe today?**

It's not so easy to give a one word answer. Crime is a very important concern of course. Also the feelings of uneasiness and uncertainty that cause some people to fear. Another concern is that even though the economy is growing again, there is long-term unemployment. And it's not just unemployment, but it's long-term unemployment related to the spots of concentrated poor living circumstances. Not always like in some American cities, but I mean the concentration of massive long-term unemployment, bad housing conditions, lack of health conditions, indeed uncontrollable drug and health problems most of the time in these weak areas of large European cities where there's a high concentration of illegal [immigrants]. We must be very careful about not creating the atmosphere that this causes only a problem.

The Netherlands is a country with a rich culture in terms of immigration in the recent past and for hundreds of years. But of course what we see nowadays in some of the parts of Europe, the large cities, is not the immigration we saw hundreds of years ago. We see now the massive immigration of illegals and also to a growing extent from Central and Eastern European countries—not just from other continents. And that's this whole concentration of massive long-term unemployment, and


all the various elements I mentioned create in some areas and some parts of cities a very difficult situation. That contributes to the feelings of fear and uncertainty, especially among older people. People don't recognize their own street, their own quarter, their own city anymore as their familiar place where they grew up. It's not so easy to give a real political answer to that problem because it's so complex. But that is what I see as one of the key problems nowadays.

**How would you describe the European Union to an American audience? What do you think the EU is?**

I would say Europe is completely changing in character and nature because of the collapse of communism. So Americans will know that in the years ahead of us, Europe will become much more complete than it ever was before, since World War II. We always had the cold war, and the enemy was in Moscow, and then we had some friends and allies in Western Europe. Europe is really becoming a continent again. Russia will not be part of the European Union, but others such as Poland, the Czech Republic, Hungary, and the Baltic states will join in time. It will not be the case of one or two years; it will take more time. But Europe is going to be a complete continent, which is interesting and important also for the Americans. ☺







# Wim Duisenberg

Will he be the EU's first central banker?

As a child growing up in Friesland, Dutch Central Bank President Wim Duisenberg was called *de sloege* (the sly one). Since the last two Dutch central bank leaders (Duisenberg and his predecessor Jelle Zijlstra) have come from that province in the northern Netherlands, whose people are known for their language (Frisian) as well as their sense of stubborn independence, some in the Dutch finance community may be thinking that Friesland is a breeding ground for central bankers.

**By Roel Janssen**

But it takes more than the ability to speak Frisian to become the president of the European Monetary Institute in Frankfurt and the likely first president of the European Central Bank. Wim Duisenberg, virtually everybody agrees, has got what it takes to head these posts and run the monetary policy of the euro, the common European currency that is scheduled to be introduced in 1999 by a number of EU member states.

"I don't think Duisenberg has ever panicked," a close colleague says. "He has got an astonishing high threshold of keeping cool. He also is an incredible communicator." Hans Tietmeyer, the president of the powerful German Bundesbank, says of his friend Duisenberg. "Wim is committed to price stability. He has very good powers of judgment; he is independent minded; and he has the courage to face conflicts when necessary." And he adds, "We need personalities, and Duisenberg has an impressive appearance, with his flying mane of hair."

Professionally, Willem Frederik Duisenberg, 61, has had a lucky hand all his life. After graduating in economics at the University of Groningen, where he defended his thesis on the "economic consequences of disarmament" in 1965, he worked for a few years at the International Monetary Fund in Washington. Upon his return to the Netherlands in 1969, he got a job at the Nederlandsche Bank, the Dutch central bank. Shortly afterward he was appointed professor of macroeconomics at the University of Amsterdam. He was one of the youngest professors in the Netherlands at that time.

His tenure at the university did not last long. In 1973 he was asked to become minister of finance in the most left-lean-

ing government the Netherlands has ever had. Although unfamiliar with politics, Duisenberg, a member of the Social Democratic Party, accepted. Shortly afterward, the first oil crisis changed the economic landscape completely.

These were the heydays of Keynesian policy, and the leftist government in the Netherlands certainly gave more attention to its far-reaching reforms and expansion of the welfare state than to prudent macroeconomic management. Since oil prices had quadrupled, Duisenberg proposed that the government distribute a 10 guilder reimbursement to every citizen as a way to maintain the population's purchasing power. In the end, the plan never materialized, and Duisenberg came to realize that growing government deficits could not go on forever.

In the summer of 1975, Duisenberg went through a road to Damascus conversion regarding government spending. He proposed that the annual real growth of government expenditure should be limited to 1 percent of GDP. Although he defended it as a "leftist austerity measure," he was branded a conservative by his political friends. His proposal was never implemented anyway, and a few years later the Netherlands was facing the serious fiscal crisis that Duisenberg had wanted to prevent.

By that time, Wim Duisenberg was out of politics. (The government in which he served fell in 1977, and he left Parliament shortly afterwards.) He had moved onto the board of directors of Rabo Bank, a large cooperative, originally agricultural, bank. Although still a member of the Social Democratic Party, he had become more and more critical of the party's leadership and its economic policies.

His finest hour came in 1982. The highly respected Jelle Zijlstra retired as the president of the Nederlandsche Bank, and Duisenberg was appointed his successor. At the end of that year, a new government began implementing the much needed austerity policies that Duisenberg had advocated seven years earlier.

Upon his taking office, the Dutch fiscal deficit amounted to 10 percent of GDP. From the height of the central bank, Duisenberg threw his stern warnings about the need for further fiscal discipline. In the middle of the 1980s, when many opinion leaders and leading politicians asserted that enough had been done as far as fiscal consolidation

was concerned (the deficit was still well above 5 percent of GDP), Duisenberg seemed to be a lone voice urging for further lowering of government deficits. Years later, then prime minister Ruud Lubbers, who during his long tenure as the head of Dutch government never got along well with Duisenberg, remarked ironically, "Duisenberg's warnings are just as predictable as leaves falling in autumn."

Within a year at the central bank, Duisenberg had to swallow the Netherlands' most controversial postwar monetary decision. In March 1983, the European Monetary System (EMS), the system of linking European exchange rates set up in 1979, was in deep crisis. The French franc was about to be devalued, and the question was what the

for the guilder and the D-mark.

The linkage of the guilder to the D-mark put Dutch monetary policy on automatic pilot and yielded low interest rates and a stable exchange rate with Germany, the most important Dutch trading partner. For Mr. Duisenberg personally, this meant that he could boast to having presided over one of the most valuable currencies in the world. Indeed, after the financial strains caused by the German unification of 1990, the Dutch guilder became consistently stronger than the D-mark, with slightly lower interest rates.

In the autumn of 1992, the guilder was sufficiently trusted to enable the Nederlandsche Bank to sell a huge part of its gold reserves. The Dutch central banks had piled up huge amounts of

**FROM A KEYNESIAN PROFESSOR AND A LEFTIST FINANCE MINISTER TO A MODERATE MONETARIST, DUISENBERG IS KNOWN AS A PRAGMATIST AND A RELIABLE COMMUNICATOR.**

Dutch guilder would do. Until then, the guilder had always followed the D-mark, but now a majority of the cabinet decided, against the strong recommendations of Duisenberg and then finance minister Onno Ruding, that the guilder should only partly follow the upward move of the D-mark. The ensuing recession, it was argued, would not allow for a full revaluation of the guilder. As Duisenberg had warned, for almost a decade, the Netherlands had to pay a price for this moment of monetary weakness by having higher interest rates than Germany.

It was, however, the kind of "once but never again" decision that had a huge impact on Dutch monetary policy. From 1983 onward, the linkage of the guilder to the D-mark became fully accepted by just about everybody. In 1993 when the fluctuation margins of the EMS were broadened in order to accommodate the currency volatility of that time, the Dutch and the Germans produced a separate declaration stating that they would continue to maintain the small margin

gold in the years of the Bretton Woods system, prior to the American abandonment in 1971 of the guaranteed exchange rate of dollars into gold. Thus, the central bank was holding excessive amounts of non-interest bearing gold in its reserves. In a masterly designed secret move, the Nederlandsche Bank sold 400 tons of gold, the equivalent of almost a quarter of its gold reserves, for 7.5 billion guilders (about \$4 billion). The buyer was never revealed, but it was believed to have been the Chinese central bank.

During his long tenure at the Nederlandsche Bank, Duisenberg also gained international recognition. Twice he was selected president of the Bank of International Settlements, the "central bank of central banks," located in Basel, Switzerland, and he was the chairman of the Governor's Committee of the central bankers of the European Union. He played his part, although not prominently, in the preparations for the economic and monetary union and the articles of the European Central Bank,

culminating in their approval with the 1991 Maastricht Treaty.

Over the years, he managed to perform his job with more ease, and he was able to spend more time pursuing his other passions, playing golf or attending concerts of the Amsterdam Concertgebouw orchestra. He also enjoys sailing on the lakes of his native Friesland.

For the Dutch, Duisenberg became a familiar and trustworthy guardian of monetary rectitude. Serene and soft, yet straight forward, he reminds his countrymen and women of the virtues of saving money, good housekeeping, and a strong currency. It is exactly this message that he can transmit masterfully to the European population at large that has put Duisenberg in line for the job in Frankfurt. It was clear that Duisenberg had the strong backing of the Bundesbank. Respected by his fellow central bankers of the European Union and beyond because of his long experience, he has been presented as the successor of Alexandre Lamfalussy, a Belgian central banker, as the head of the European Monetary Institute, to begin by July 1, 1997.

The EMI is doing the preparatory groundwork for the economic and monetary union, and then it will cease to exist as soon as the European Central Bank formally starts its activities, presumably in the summer of 1998. It seems implausible that Duisenberg would have accepted a job of only one year at the EMI; so it may reasonably be assumed—although the European heads of state have the final vote—that he will become the first president of the European Central Bank, bringing Europe's new single currency, the euro, into existence in 1999.

That would be the high point of an extraordinary public career. From a Keynesian professor and a leftist finance minister to a moderate monetarist, Duisenberg is known as a pragmatist and a reliable communicator. Two traits that will be of tremendous help when he has to convince the Europeans that the euro will indeed be as strong as the D-mark or, for that matter, the Dutch guilder. ☺

*Roel Janssen is EUROPE's correspondent in the Hague and a finance and economics correspondent for the NRC Handelsblad.*

# GOODBYE GUILDER, HELLO EURO

# W

hen Queen Beatrix addressed the heads of state of the European Union at the Maastricht Summit in December 1991,

she made an affable remark. If a European currency were to be introduced, she said, she would not mind that her effigy would disappear from the coins circulating in the Netherlands. Historically, Dutch coins have always borne the portrait of the monarch.

Five years after Maastricht, the preparations for the introduction of the euro, the name for the common European currency that will come into being by 1999, is well underway. The Netherlands, according to Finance Minister Gerrit Zalm, will certainly belong to the first group of countries that pool their currency reserves, transfer monetary policy to the European Central Bank, and fix their exchange rates irrevocably. In order to prepare the population, an information campaign about the euro is starting to take shape.

The guilder (a dollar is currently worth about 1.75 guilders) is one of the oldest currencies in Europe. The first references to it were made in the 15th century, a coin from Florence called the "golden florin" (the symbol for the guilder is still "fl"). At the end of the 17th century, the silver guilder was introduced.

Over the years, the guilder has been a strong currency. Nevertheless, unlike in Germany where the D-mark is cherished as a symbol of national pride, there seems to be very little popular resentment to giving up the guilder in favor of the euro. According to a government poll, 70 percent of the population supports monetary union. The reason is not that the Dutch population has greater trust in its authorities than the people in other European countries, although it certainly helps that the political, financial, and business elites—including the trade unions—strongly favor a common currency. Except for the fringe, there is no political movement in the Netherlands that has decided to campaign against the euro.

The explanation isn't a lack of nationalistic sentiments either. The Dutch, like any other nation in Europe, are strongly attached to their traditions and customs. Part of that tradition is a highly pragmatic view of international economic relations.

As is stated in a recently published booklet by the National Forum for the Introduction of the euro, "The Netherlands, as a small country with an open economy, profits from everything that promotes trade with other countries and economic integration. (The introduction of the euro) will stimulate trade and investments, (and thus) economic growth." A trading economy as integrated as the Dutch, simply cannot stay behind as it is bound to benefit from the stability of a single currency.

The preparations for the introduction of the euro are beginning to take shape. The major banks have launched road shows about the euro, alerting small and medium-sized businesses about the changes to come. Large Dutch corporations with big international exposure, like Philips, have set up special units to prepare for the changes.

The government has created a national forum that aims to inform citizens and businesses alike. In a typical Dutch way, the government, private businesses, unions, consumer organizations, the financial sector, the stock exchange, the agricultural sector, and the employers associations are represented in this national forum. Besides its several publications, the forum updates its information regularly on a special Internet site.

The queen may disappear from the future coins that circulate in the Netherlands, but not the motto "God be With Us" that is currently on the rim of the guilder coins. On the insistence of the Christian parties in Parliament, the government conceded to this desire. Thus, the euros distributed in the future by the Dutch central bank will be distinguishable from those of other EMU countries. Not in their value, but in their appeal for a divine blessing.

—Roel Janssen



**When the Dutch governor Peter Stuyvesant handed over New Amsterdam to the British in 1664, the interest of the Dutch merchants for this small colony was dismal. Little more than 300 years later, the American market is of huge importance to two of the major banks in the Netherlands. ABN Amro and International Nederlanden Groep (ING) are particularly active in the North American market. In New York, Atlanta, and Chicago, these Dutch financial institutions play a prominent role.**

It has been a question of mergers and acquisitions, although in different ways. ING, for example, is the result of a lengthy chain of takeovers within the Dutch market. NMB-Bank, which stood at the cradle of the trade in emerging market bonds from the mid-1980s with its New York office, merged with Postbank, the savings and retail bank of the Dutch postal system that was subsequently privatized. Then, NMB-Postbank merged with Nationale Nederlanden, a major Dutch insurance group. Thus, ING was formed. In 1995, after the collapse of the Barings Bank, ING took over the British merchant bank and started using the name ING Barings for its global capital markets and investment banking activities.


ABN Amro is a different story. This bank, itself the result of a merger of former rivals in the early 1990s, bought itself into preeminence in the Chicago area. It is now the largest foreign bank in the United States, with more than 9,000 employees in about 200 offices. In November ABN Amro announced it will grow even bigger in the US by paying \$1.95 billion to take over Michigan's largest savings bank, Standard Federal Bancorporation.

The stronghold is ABN's wholly owned subsidiary LaSalle-Talman Bank in Chicago, which has a major position in the Illinois retail market. Last year ABN Amro also took over the Chicago Corporation, an investment bank that will significantly enhance the securities business once the merger with ABN Amro Securities has been completed. The central trading room of ABN Amro is now located in Chicago. A much smaller subsidiary, the European

American Bank (EAB), is active in New York. Another 10 ABN Amro offices are spread throughout the country, dealing with large corporate clients.

ING, combining the banking and insurance business, is the Netherlands' largest financial services company. In North America, ING employs about 10,000 staff. As far as the insurance division is concerned, more than a quarter of ING's premium income is generated in the US, Canada, and Mexico. Most of that comes from life insurance. The ING-owned insurance companies in the US have maintained their traditional names, like Life of Georgia, Southland Life, Security Life of Denver, and the Halifax. They operate with a substantial degree of independence, although all investment decisions are managed centrally from the North American headquarters in Atlanta.

From its New York office, ING is active in investment banking, corporate banking, capital markets, securities brokerage, asset management, and real estate. ING Barings links US based institutional investors and the fast-growing, capital-hungry emerging markets. In this field, ING combines the pioneering work done by NMB Bank in the 1980s in bonds and debt trade, particularly in Latin America, with the Barings experience with equity in Asia.

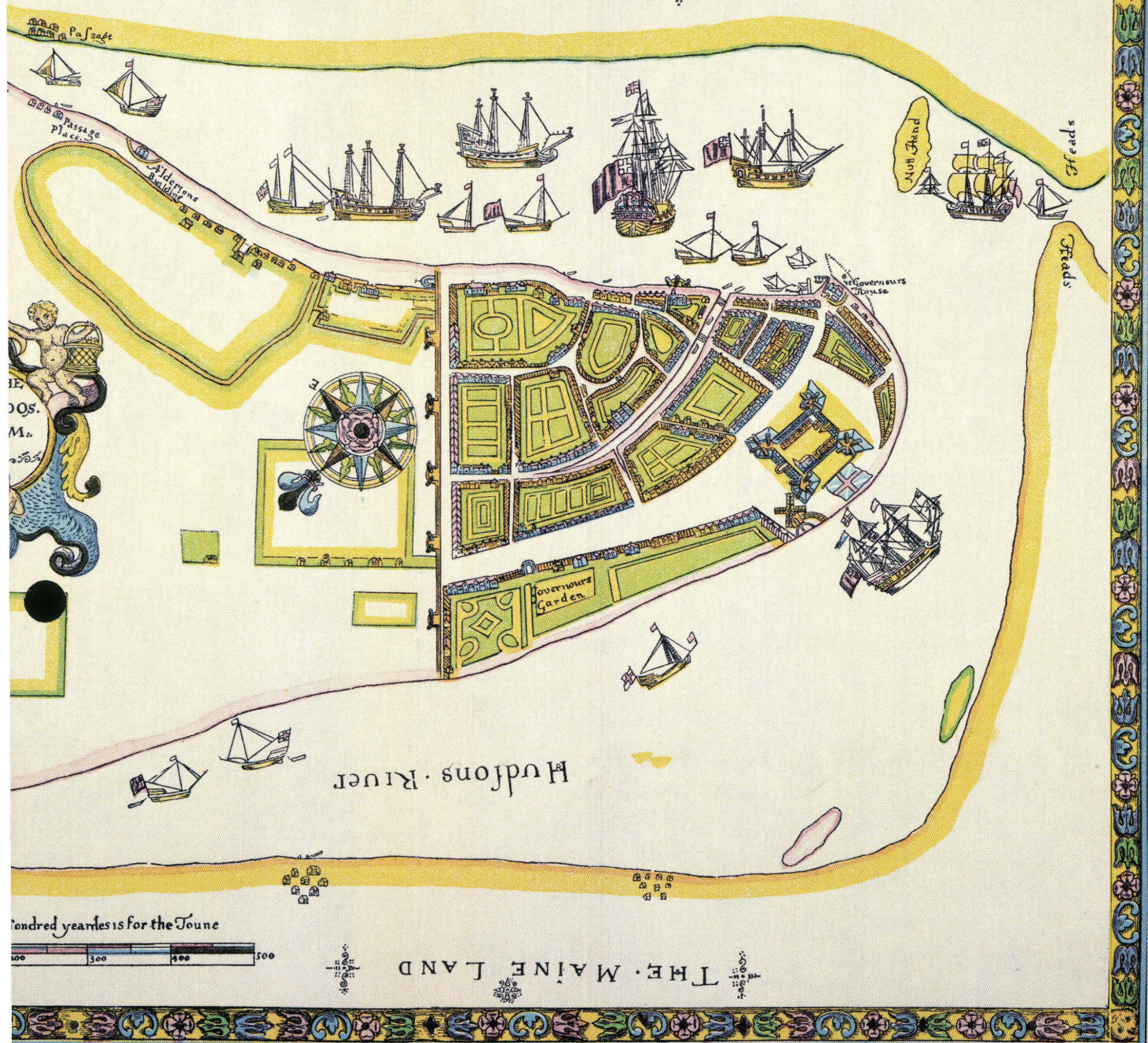
Both ABN Amro and ING are healthy banks that are run with the old Dutch commercial spirit that brought Peter Stuyvesant in the 17th century to the New Amsterdam colony. Though the colony was lost at an early stage, the merchant spirit remains as lively as ever, as is witnessed by the booming banking business. 

A map of Manhattan in 1664, when it was the Dutch colony of New Amsterdam.



# DUTCH BANK STILL FINANCING GROWTH

# LONGE ISLELAND.



# S IN THE US

IN THE NEW WORLD By Roel Janssen

# D U T C H B C O M P E T E S

BY BRUCE BARNARD

The Dutch business community is like a feisty middleweight boxer slugging it out in the heavyweight rankings—and winning.

The Netherlands boasts a roster of giant blue chip corporations that are instantly recognized around the world, like Philips, the consumer electronics group, and Royal Dutch Shell, the world's second largest oil company, and Heineken, a beer that's almost as easily available around the world as Coca-Cola, and Unilever, the giant personal products firm.

Dutch companies embraced globalization decades before the term became common currency in the industrial countries, forced by their small domestic market—only 16 million—to go abroad to grow and survive.

And much of the foreign action is centered on the United States where the Netherlands is the third largest foreign investor with assets worth \$67.7 billion in 1995, compared with the top-ranked United Kingdom's \$132 billion and Japan's \$109 billion. By contrast, Germany, more than five times bigger than the Netherlands, has just \$48 billion of American assets.

Dutch activities in the United States span almost every sector from **Products from Unilever, a global Dutch company, are bestsellers in the US and elsewhere.**



U S I N E S S

# GLOBALLY

## SMALL COUNTRY, BIG INTERNATIONAL CLOUT

beer (Heineken is the biggest container shipper across the North Atlantic) to crude oil (Royal Dutch Shell's US unit is one of America's biggest producers) to pop music (Motown, the legendary Detroit record label, is owned by Polygram, a Philips subsidiary that also produced one of this year's hit movies *Sleepers*).

While investing abroad, Dutch companies have been shoring up their defenses against raids by firms from larger neighbors through domestic mergers such as the one between the ABN and AMRO banks and via joint ventures with foreign firms like that which created Fortis, a Dutch-Belgian financial services group ranked 135 in the latest *Fortune Global 500* table, and strategic takeovers like chemical group Akzo's purchase of Nobel of Sweden.

In a bid to compete globally Dutch companies are continually scouring Europe for like-minded partners, with British alliances most popular because of the successful track records of Royal Dutch Shell, Unilever, the consumer products group, and Reed Elsevier, the publishing giant. The latest Anglo-Dutch alliance, forged in September between Rotterdam-based Nedlloyd Lines and the UK's P&O Containers, created the world's biggest container shipping line. Meanwhile, analysts predict it's only a matter of time before British Airways and KLM Royal Dutch Airlines revive merger negotiations that were close to fruition a few years ago. Dutch enthusiasm for doing business with the United States continues with the most recent activity concentrated in financial services, retailing, and transportation.





Some Dutch companies have become major players in very domestic American businesses. With its \$1.7 billion purchase earlier this year of Stop & Shop, the biggest supermarket group in New England, its

fifth US acquisition since 1977, Ahold became the fifth biggest supermarket chain in the United States. Half of its \$23 billion annual sales flow comes from across the Atlantic.

And earlier this year Unilever doubled its share of the US shampoo and personal products market with its \$770 million acquisition of Helene Curtis.

ABN-Amro remains the biggest foreign bank in the US with more than \$35 billion of assets in La Salle Bank in Chicago and the Long Island-based European American Bank (EAB). And its American business is turning over nicely with La Salle's third quarter profit scaling a record \$49 million and EAB booking a 30 percent rise in net income to \$34.9 million.

The Dutch strengthened their hold on a traditional niche market after Pakhoed, one of the world's biggest bulk and liquid storage companies, paid \$300 million for Univar, the largest chemicals distributor in North America.

The Dutch are also making waves in a very non-traditional sector—movies. Polygram, emboldened by its first blockbuster *Four Weddings and a Funeral* after investing \$770 million in its first four years in the film business, was among the suitors for MGM last summer. Although it dropped out of the bidding, Polygram president Alain Levy vowed, "By the year 2000, we'll have a business that can compete against the major studios." That's no idle boast as the company is already the world's biggest music company with a 17 percent market share and a roster of artists, including the Irish rock band U2, Sting, and Elton John.

Some companies have put the US at the core of their expansion plans, such as Reed Elsevier, which has a \$3 billion "war chest" for acquisitions. It is already well entrenched with the multi-billion dollar purchases of Lexis-Nexis, an online publisher, and Mead Data Central, an electronic information supplier. Chairman Nigel Stapleton says the group, which is looking for "a couple of \$500 million turnover (sales) businesses" in legal and business publishing, expects 40 percent of its revenues to derive from electronic information services within 10 years.

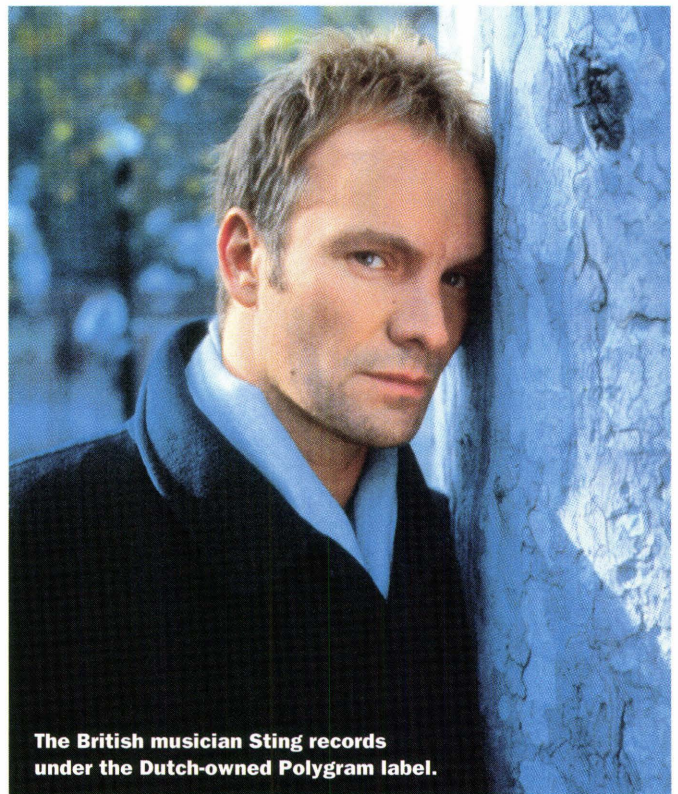
Dutch firms look across the Atlantic because of the size of the market and the fact that takeovers are relatively straightforward compared with the cartel-like restrictions at home. The low level of dividend payments in the Netherlands also leaves companies with hoards of cash to finance overseas expansion.

Foreign investment, already an ingrained habit in the Netherlands, is spreading.

Dutch companies have bought twice as much as they sold over the past four years. They acquired assets worth \$24 billion from January 1992 to June 1996 and divested 23 billion guilders of assets. And the pace of acquisitions quickened in 1996 with 11 billion guilders spent in the first nine months of the year, twice the 1995 level.

The Dutch are just as ready to do battle to dislodge US firms from their dominant position in certain markets. If KPN, the national postal and telecommunications company, succeeds in its \$1.6 billion bid for TNT, the Australian express group, it will provide the first significant European presence in a double-digit growth market dominated by firms like United Parcel Service, Federal Express, and DHL.

**Dutch firms look across the Atlantic because of the size of the market and the fact that takeovers are relatively straightforward compared with the cartel-like restrictions at home.**



**The British musician Sting records under the Dutch-owned Polygram label.**



Dutch businesses' love affair with America hasn't gotten in the way of expansion in other parts of the globe.

ING, with a reputation as a rather staid banking and insurance group, sprang to global prominence last year when it acquired Barings, the 233 year old British merchant bank that collapsed after a rogue trader in Singapore ran up a \$1 billion loss on derivatives contracts.

The deal almost fell through when at the last minute a rival bidder emerged—ABN-AMRO, ING's rival.

ING has a second to none reputation in the emerging markets, particularly Central and Eastern Europe and Russia. It was also the first foreign financial institution to open an office in North Korea, the world's most isolated economy.

While the Dutch business community is in a bullish mood and overseas spending likely will continue at current levels, several big firms are involved in major retrenchments.

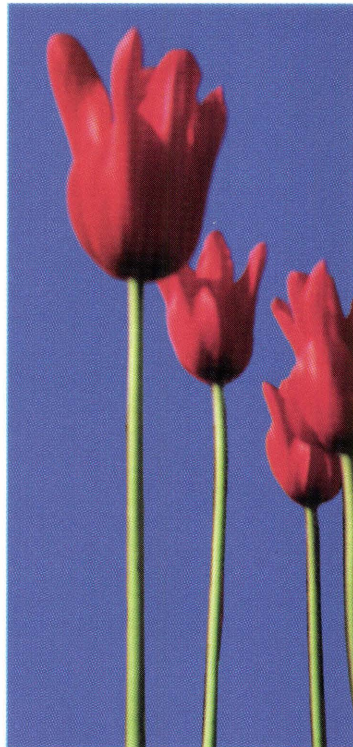
Philips has just taken a \$600 million restructuring charge, and new chairman Cor Boonstra promises more bloodletting to turn round the giant company with more job losses following the recent 6,000 layoffs in its consumer electronics division. Mr. Boonstra, hired from Chicago-based Sara Lee, talks the language of American business. "We are not blaming the market. We are not blaming the competition. We are blaming us."

Royal Dutch Shell also was involved in a major organizational restructuring in a bid to respond to criticism of its low return to capital, failure to tackle refining overcapacity and to replace its global crude reserves. Recently it unveiled plans to pool its US refineries, gas stations, and pipelines with those of Texaco to create a network with a leading 15 percent share of the US market.

More traumatically, Fokker, the aerospace group which collapsed after Germany's Daimler Benz, its major shareholder, cut off funds, turned to Samsung of South Korea to keep it in the aircraft manufacturing business. And another failure, DAF, the truck maker, which has returned to profitability was recently snapped up by Pacar, a US truck firm for around \$550 million.

The Fokker and DAF debacles show that even the most feisty middleweights can't always survive among the heavyweights. That is the biggest spur to Dutch companies—to become heavyweights themselves. And the US market continues to attract both the Dutch "heavyweight" and "middleweight" firms. ☹

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



## NOT BY TULIPS ALONE

"Not By Tulips Alone," is one of the slogans used by the successful and aggressive Netherlands Foreign Investment Agency, the organization attempting to attract foreign firms to locate their businesses in the Netherlands.

"Why do foreign companies choose the Netherlands. Our location and our people," says Jochem Hanse, commissioner for foreign investment.

Mr. Hanse goes on to say that "the biggest foreign investor in the Netherlands is the US. There are 1,833 American firms located in our country. They provide more than 131,000 jobs for Dutch workers. Foreign investors provide 20 percent of all the employment in manufacturing in the Netherlands."

The commissioner says that his country offers "an unrivaled distribution network." He cites as examples the world's largest port, Rotterdam, and one of Europe's best airports, Schiphol.

Food and chemicals are among the largest industries investing in the Netherlands. And "food companies are dominated by the Americans," says Mr. Hanse. Sara Lee is the biggest American food investor. The Chicago-based firm bought a famous Dutch coffee firm called Douwe Egberts, which is popular across the Netherlands and parts of Europe. Mars Candy, with headquarters in Virginia, has a large production facility in the Netherlands.

"An absolute phenomenon in the last five years is the call center," says the commissioner. Holiday Inn and Hewlett Packard have set up their European call centers in the Netherlands. "Another phenomenon lately has been the concept of 'value added logistics', which means parts coming from all over the world to one place and being put together," says Hanse.

Because of its central location, companies use the Netherlands as a key distribution center. Companies growing in this field are American-based clothier the Gap; EMI Compact Disc; and Viking, Inc., a US office furniture firm. Packard Bell and Digital Computer are located in the Netherlands to be close to their customers.

According to Mr. Hanse, "US foreign investment in the Netherlands rose from \$25 billion in 1994 to \$37 billion in 1995, and the Netherlands has now jumped from seventh largest to fifth largest recipient of US corporate investment in the world."

He goes on to say that "50 percent of all projects we are involved in come from the US."

The NFIA is also on track for the EU's economic and monetary union as they are sending out "fake" euros to prospective customers as a promotion to entice them to invest in the Netherlands. Whether or not the euros have convinced foreign firms to invest in this centrally located country, the Netherlands has certainly been successful in attracting all types of American firms to locate here. From Abbott Laboratories to Dow Chemical to Wilson Sporting Goods, US firms are discovering that the Netherlands provides a convenient location for the European Union and beyond.

—Robert J. Guttman

**W**hen British Telecommunications announced its plans to merge with Washington DC based MCI in November, the \$21 billion dollar agreement immediately raised the profile of European investment in the US. An inevitable consequence of this was, as the *Washington Post* pointed out in a post merger announcement story, "predictions that this would be the biggest foreign takeover of a domestic company in US history will cause resistance from people who fear loss of economic sovereignty." Seemingly forgotten by those raising this issue was the fact that for almost 85 years the Hague-based Royal Dutch Shell/Shell Group of Companies has quietly owned what (since 1985) is 100 percent interest in Shell Oil Company (US), the largest retailer of gasoline in the United States.

Royal Dutch/Shell Group began its US venture in 1912 as the American Gasoline Company, a marketer on the West Coast and Roxana Petroleum Company, a crude producer in the Mid-West. It merged these companies together in 1922 to form the Shell Union Oil Corporation, a holding company for these companies. Royal Dutch owned 50 percent of Shell Union (renamed the Shell Oil Company in 1949) until 1985 when it purchased all the outstanding shares.

Today, the familiar Shell pecten graces more than 8,800 service stations in 39 states and the District of Columbia. Notwithstanding this vast exposure, made even more graphic by the fact that Shell has held the title of top US gasoline marketer for 8 of the last 10 years, Americans understand little about this giant company's somewhat unique dual parentage. These parents are the Netherlands' Royal Dutch Petroleum Company (60 percent owner) and the UK's Shell Transport and Trading Company PLC (40 percent). With combined 1995 total revenue of \$109.88 billion dollars, this Dutch-British colossus ranks tenth on the *Fortune 500* list of international companies and second, just behind Exxon, among non-state-owned oil companies.

The Royal Dutch/Shell Group's unique international partnership was formed in 1907. This corporate merger was engineered by Henri Deterding, chairman of what was then the "Royal Dutch Company for the Working of Petroleum Wells in the Dutch Indies."

Deterding pulled off this feat by taking away what until then had been the Shell Transport and Trading Company Limited's near monopoly on transporting exported Russian Black Sea oil to the Far East, by having Royal Dutch build tankers of its own.

The company's wholly owned US unit, with 1995 sales of \$24.6 billion and total assets of \$27 billion, is America's thirtieth largest corporation and sixth largest oil company. These assets include, in addition to the retail marketing facilities owned by the company: five refineries (one each in Washington, California, Illinois, Louisiana, and one in Texas that is owned jointly with Pernex, the Mexican state company);



The familiar Shell pecten graces more than 8,800 gas stations in the US.

**LARGEST  
FOREIGN  
COMPANY  
IN AMERICA**

By Robert S. Bassman

17,000 miles of crude oil and product pipelines; and 80 product terminals.

Shell Oil is one of America's leading producers of crude oil and natural gas. In 1995 it produced 371,000 barrels of crude oil and 1.764 billion cubic feet of natural gas daily through more than 24,000 (gross) wells on US

soil and in its offshore waters. Additionally, Shell Chemical Company operates plants in seven states. Overall the company has more than 21,000 US employees.

In the past few months, Shell Oil seems to have borrowed a page from its parent company's history. Recently, two joint ventures have been reported in the press. One effort, a merger of Shell's California crude production activities with those of Mobil, was announced by both companies in November. The more dramatic joint venture would merge Shell's US refining and marketing operations with those of the two companies that refine and market under the Texaco brand (Los Angeles-based Texaco Refining and Marketing, Inc. and Houston based Star Enterprises, Inc).

The new entity, dubbed "Starfish" by outside commentators, would become, by a large margin, America's dominant refiner-marketer. Absent any closures or sales, the new entity would market through almost 22,000 service stations (more than 50 percent more than current industry leader Citgo) retailing 14.5 percent of America's gasoline. Its 12 refineries' total crude run capacity of 1,711,000 barrels per day would easily surpass the current leader Chevron by approximately 50 percent. This effort, designed to cut costs and increase refining and marketing profits, follows on a similar endeavour in Europe last year between BP and Mobil, which merged their refining and marketing operations within the EU.

Whether or not "Starfish" ever gets off the ground, Shell Oil remains an unquestioned leader in the US petroleum business. And if the nascent BT-MCI merger becomes a reality, Shell still would remain the largest foreign holding in the US. ☎

Robert S. Bassman is a writer based in Washington, DC.

# *Inside* EUROPE

DECEMBER/JANUARY 1996-97

VOLUME V/NUMBER 1

## EU NEWS

### EUROPE'S 97 AGENDA

President Clinton's reelection has brought a sigh of relief in Europe, which can look to a degree of continuity in US policy over the next four years.

Despite reservations about neoisolationist and unilateralist tendencies in the new Congress, many observers in Europe would, on balance, prefer a liberal-minded Republican majority led by Newt Gingrich to a protectionist-leaning Democratic majority led by Dick Gephardt and Barney Frank.

US-Europe relations remain fundamentally sound, despite the transatlantic fracas over the anti-Cuban Helms-Burton, law which penalizes foreign companies trafficking in assets confiscated by the Castro regime. The row over Helms-Burton could sour the first few months of the next Clinton administration. Another subject worth watching is the NATO-led IFOR mission in Bosnia, which has so far been a success.

In a medium-term perspective, there are formidable challenges for the transatlantic alliance as the European Union embarks on the twin missions to launch a single currency in 1999 and open enlargement negotiations with the former communist countries of Central and Eastern Europe. The recurrent alliance theme will not be how to respond to Russian strength, but how to manage Russian weakness.

In many ways, 1997 will be the year of enlargement for Europe. The first step will be taken in six months time when NATO will announce which Central and Eastern European countries are ready to join the Western military alliance.

The smart money is on the Czech Republic, Hungary, and Poland—with the target entry date around 1999.

The US has already signaled that it does not support the Baltic states joining the first wave of countries joining NATO. But it has already suggested that the EU might consider offering political compensation for Estonia, Latvia, and Lithuania in the form of a commitment to earliest possible membership in the EU.

So far, the EU has balked at such geopolitical trade-offs, largely because the European Commission is still in the middle of preparations to establish which countries qualify for membership. The Commission dispatched

hundreds of pages of questions to the 10 applicant countries. The Poles, in particular, have complained about excessive bureaucracy. A Hungarian official agrees, declaring that the kind of information sought about economic activity was only available under the Communist centrally planned economy.

The Commission is due to deliver its opinions on the merits of the various candidate countries by the end of the intergovernmental conference (IGC), as well as proposals for EU policy reform to cope with the pressures of extending generous regional aid and the Common Agricultural Policy to the poorer, farm intensive countries to the East.

The other looming question for the US and the EU is economic and monetary union (EMU). In recent months, the US treasury has shifted its view from cautious pessimism to guarded optimism that the single currency will go ahead on time.

At last, the Clinton administration is trying to work out what EMU means, not just for the US economy, but also for the dollar as a reserve currency. Another tricky question is whether a flight into the strong euro could lead to large-scale selling of the dollar and a reduction in the "dollar overhang" among investors outside the US. Whatever the case, EMU has become the talisman of European integration, a project that literally is too important to fail.

—Lionel Barber

### TELECOM TAKEOVER

Europe's telecoms market is in a state of frenzied activity as the leading players jostle for position and the smaller firms run for cover in the 12 month run up to free competition. But the battle between European companies isn't restricted to Europe. British Telecom's planned \$21 billion takeover of MCI Communications dramatically raises the stakes by taking the fight for market share around the globe.

The United Kingdom's biggest takeover, which will create a \$42 billion-a-year giant with 43 million customers in 70 nations, was overshadowed within weeks by an even larger European event: the \$13 billion flota-

## EU NEWS (CONTINUED)

tion of 20 percent of Deutsche Telekom, the largest initial offering in the world after the sale of Japan's Nippon Telegraph & Telephone (NTT) in 1987.

Deutsche Telekom will retain its third position in the world telecoms table—after NTT and AT&T—even after the BT-MCI deal with annual revenues of some \$44 billion.

And Deutsche Telekom's home turf in Germany, Europe's largest market, will be the major battlefield along with France because it is only now throwing open its doors to competition. Full liberalization of telecoms in the European Union won't begin until January 1, 1998.

The British market is already wide open with BT, privatized in 1984, harried by competitors since the liberalization got under way more than 10 years ago. While BT still has around 90 percent of the residential market, newcomers have larger shares of new sectors such as mobile phones and business services.

BT has always been a step ahead of its major European rivals. Its initial \$4.3 billion purchase of a 20 percent stake in MCI back in 1993 provoked a joint venture between Deutsche Telekom and France Telecom to buy a 20 percent slice of Sprint, the US's third largest long distance operator, for \$4 billion. BT's takeover of MCI has again put pressure on the Franco-German venture to intensify the relationship with Sprint although the terms of their partnership appears to rule out a fully fledged merger.

These transatlantic alliances have allowed the British, German, and French to steal a march on AT&T, whose forays into Europe to sell global telecoms services to multinational firms have so far fallen way short of target. AT&T has teamed up with the national telecoms operators of the Netherlands, Sweden, Switzerland, and Spain in a venture called Unisource, but it still lacks the clout of Concert, the BT-MCI venture, and Global One, the alliance between Deutsche Telekom, France Telecom, and Sprint.

AT&T, riven by executive turmoil throughout 1996, has suffered several embarrassing setbacks in Europe, most recently the defection of its French partner Compagnie Generale des Eaux to BT. But it renewed its assault on the French market with a bid for a stake in the country's second largest telecoms network owned by SNCF, the state-owned railroad.

The battle for corporate business is still in its infancy—the combined annual billings of Concert, Global One, and AT&T-Unisource are less than \$4 billion, but BT's early start could prove vital as the market grows.

Even as Deutsche Telekom and France Telecom prepare to defend their home turf against marauding newcomers, they must respond to BT's overseas moves. Its purchase of MCI will give it 20 percent of long distance calls in the US and 40 percent of overseas calls. It will also put it in a powerful position to exploit local markets that are due to be deregulated over the coming months.

BT is also building a beachhead in Europe, cutting alliances with domestic operators in the German and French markets. Most recently, it announced a \$600 million investment with NS, the Dutch state railways, to build a fixed line telephone service for the Netherlands to be the main rival to KPN, the national telecoms operator.

The German market is also being opened with an array of new players using their own private networks to provide regular telecoms services. Utilities like Veba, Viag, and RWE

are competing alongside a steel company, Thyssen, a pipeline manufacturer, Mannesmann, and the national railroad, Deutsche Bahn. They have also teamed up with outsiders like BT, AT&T, and Cable & Wireless as well as smaller US operators, to chisel away at Deutsche Telekom's fast crumbling monopoly.

Deutsche Telekom hasn't stood still, offering discounts of up to 49 percent to its business clients and sweeteners to residential customers.

France is getting a taste of competition ahead of 1998. The government plans to sell 20 percent of France Telecom for around \$5 billion in April and is working out the level of charges for the company's rivals to use its lines after the market is thrown open to competition.

The mega deals by the big players have forced Europe's smaller companies to shore up their defenses to survive liberalization. For some, like TeleDanmark and Ireland's Telecom Eireann, there is no other choice than to sell part of their equity to the big companies in return for a measure of protection.

Others have taken more drastic measures, notably KPN of the Netherlands which is taking over TNT, the Australian express delivery group, for \$1.6 billion. Some are tapping into new markets like Telecom Eireann which has benefited from Ireland's rise to Europe's leading call center in just three years.

The battle is far from over as the big companies lay plans to go global. BT, which failed to acquire Cable & Wireless earlier in the year and plug the Asian gap in Concert's network, is trying to forge an alliance with the mighty NTT. Deutsche Telekom and France Telecom cannot afford to stand still.

—Bruce Barnard

## EU AID FOR ZAIRE, RWANDA

EU member states pledged support to the refugee situation in eastern Zaire and Rwanda at a Brussels meeting in late November. The Belgian foreign ministry released a statement saying, "Foreign Minister Erik Derycke is particularly pleased about the fact that the European Union decided on a common action." EU development ministers agreed to a further \$217 million in humanitarian aid.

## UPCOMING EVENTS

**December 9-13**—WTO Ministerial Conference, Singapore. The first ministerial conference of the World Trade Organization (WTO).

**December 12-14**—EU Summit, Dublin. Marks the culmination of the Irish presidency at which the 15 member states will be represented by the heads of state or government.

**December 16**—EU-US Transatlantic Summit, Washington. President Bill Clinton, Irish President John Bruton, and European Commission President Jacques Santer will meet at the White House for the second of the twice yearly transatlantic summits.

**January 1**—The Netherlands officially takes over the EU presidency from Ireland.

Editor's Note: In last month's *EUROPE Special Report*, Lionel Barber's article was entitled "EU Institutions" (not the author's title). A more accurate title would have been, "European Vehicles for Aid and Development."

# BUSINESS BRIEFS

Percy Barnevik, one of Europe's leading industrialists, will quit as chief executive of **ABB**, the giant Swiss-Swedish heavy engineering conglomerate, at the end of the year.

Although the 55 year old Swede is relinquishing day-to-day control of the company, whose annual revenues soared from \$18 billion in 1988, when he engineered the merger of Sweden's **Asea** and Switzerland's **Brown Boveri**, to nearly \$34 billion in 1995, he will continue to play a role steering ABB's global strategy. Mr. Barnevik, who is being replaced by fellow Swede Göran Lindahl, said he is stepping down to avoid a succession struggle that damages many large firms when elderly bosses hang on to power. Mr. Barnevik was responsible for ABB's expansion into Central and Eastern Europe where it employs more than 20,000 people.

•••

Even as **CSX** was creating the world's biggest railroad company with its \$8.4 billion takeover of **Conrail**, it found time to prepare its first foray into Europe in a move that spells trouble for the continent's state-owned monopolies.

CSX will begin operations in Europe in January via its 25 percent stake in **NDX Intermodal**, a joint venture with **NS Cargo**, the Dutch state rail freight company which has 25 percent, and **Deutsche Bahn** of Germany, which holds the remaining 50 percent.

NDX Intermodal plans to mount rival door-to-door rail/truck services across the Netherlands, Germany, and possibly into Italy, stealing a march on European companies which have failed so far to exploit liberalization measures.

CSX's shipping unit, **Sea Land Service**, has been operating in Europe for the past three years running indepen-

dent rail services from the port of Rotterdam to Germany and Italy in a joint venture with European ship owners.

•••

The popular US image of **Airbus**, the four-nation European aircraft consortium, as an inefficient giant kept in business with massive doses of government aid, is contradicted in the first independent study of the group's finances—by an American investment bank.

Airbus "is more profitable and valuable than investors have been thinking," according to **Lehman Brothers** in New York, adding that the company has a rosy future as the main rival to **Boeing**, the US world market leader. The four consortium partners—**Daimler Benz Aerospace** of Germany, **Aerospatiale** of France, **British Aerospace**, and **Construcciones** of Spain—don't issue detailed accounts of their Airbus activities, but Lehman figures the company is worth between \$15 billion and \$18 billion. Airbus lost a combined \$8 billion in its first 23 years of exist-

tence, but this largely was the result of spending about 12 percent of its sales on research and development compared with about 5 percent by Boeing.

•••

**Air France**, the only major European airline lacking a transatlantic alliance, finally tied the knot with US carriers, but the relationships are less ambitious than the deals struck by its rivals like **British Airways** and **KLM Royal Dutch Airlines**.

Air France forged partnerships with **Delta Air Lines** and **Continental Airlines** that it claimed will boost its operating profits by \$100 million a year. The agreements would take effect next April, subject to the successful conclusion of a bilateral air agreement between Washington and Paris. Unlike the planned alliance between British Airways and **American Airlines**, Air France does not intend to cooperate on pricing with its partners, removing the need to get anti-trust clearance from Washington.

—Bruce Barnard

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## INSIDE EUROPE

### Correspondents

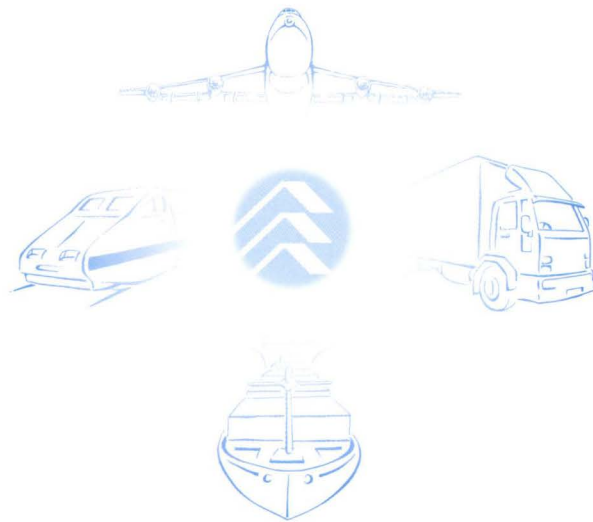
Lionel Barber  
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Year after year, Schiphol ranks at the top in performance surveys of business travelers and cargo shippers alike. In 1996 again, it was chosen as “The World’s Best Airport” by Business Traveler USA. Served by 85 airlines, it carries over 25 million passengers a year and has the third largest cargo capacity of any airport in the EU.

Amsterdam Airport Area is a unique, co-operative partnership between the owners of land and facilities in the region around Schiphol airport. For any company seeking global access, an excellent infrastructure, and the attractions of a dynamic capital city, this is a location where business will really take off. Its cosmopolitan feel and high volume of international traffic lend the area a vitality that is hard to match elsewhere in Europe.

In addition to the airport, the region benefits from high speed rail links, an excellent highway network and its proximity to the ports of Rotterdam and Amsterdam. Holland also has the most advanced telecommunications system in Europe, being the first country to become completely digital. The PTT telephone company, now in the private sector, participates in the development of specialized infrastructure projects, such as call centers, and telematic systems for air and sea cargo handling.

The diversity and efficiency of the infrastructure is complemented by free-port facilities and the positive attitude of customs authorities. As a result, the region has become a center of excellence in distribution, with many international companies taking advantage of local skills to develop value added logistics operations.

## PUTTING EUROPE ON THE AGENDA

Cross-border commerce is second nature to the Dutch, whose history has been molded by their long trading associations with all parts of the world. A co-ordinated approach to forward planning by local and national government has produced a range of sites ideally suited to corporate headquarters, logistics and distribution centers, light manufacturing or start-up operations—all with room to grow in the future. Choice is a keyword here. Whether you are looking for a prestigious, ready-built office space or land for purpose-built development, Amsterdam Airport Area offers a solution tailored to the

precise needs of any international company.

The region’s facilities would not be what they are without its highly educated, multi-lingual, and productive workforce. More than 600,000 people work in the greater Amsterdam Airport Area: seventy per cent of them speak English and a third of them have completed high education, with a high proportion of technical and commercial skills.

Another attraction for companies is the city of Amsterdam itself. It is a focal point for international business, with 68 foreign banks, as well as offices of most of the major international accountancy law firms.

From Canon-Europe’s Distribution Center and Frontier Communications’ Call Center, to Microsoft’s Regional Headquarters, the region has attracted major companies from all over the world. Their reasons? In a study of international firms located in the Amsterdam area, KPMG found that the quality of life and cosmopolitan facilities such as international schools and entertainment, added to the outstanding location and infrastructure, attract high-caliber personnel. Many of the companies also praise the helpful attitude and ready co-operation of the authorities who welcome newcomers to the area.

If your aim is to make your presence felt in Europe, contact Amsterdam Airport Area’s UK representative, 3PR, for an information pack:

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A photograph of a rider on a red and white Ducati motorcycle, leaning into a turn on a track. The rider is wearing a red and white helmet with 'SHOEI' written on it, and a white and red racing suit. The motorcycle is red with white accents and features 'DUCATI' branding on the fairings and 'DESHO' on the side. The background shows a concrete barrier and a clear sky.

# WHERE THE

Even Italy, which isn't among the leading European recipients of foreign investment, has gotten a share of US investment dollars. Italian motorcycle manufacturer Ducati recently received a life-saving \$265 million cash injection from the US firm Texas Pacific Group.



*Europe is on a roll with economic growth accelerating, stock prices scaling records from London to Athens, and governments finally scaling back costly welfare programs.*

And foreign investors, seeking a slice of the action, are stepping up their spending again after several years of retrenchment.

The United States, as usual, tops the shopping league, with direct investment in Europe soaring 17 percent in 1995, outpacing a 16 percent increase in Asia. Europe grabbed \$50 billion of the record \$97 billion invested by American companies abroad last year. South Korea captured the headlines with billion dollar manufacturing projects spanning Western and Eastern Europe, whetting the jaded appetite of Japanese companies whose European investments are rising for the first time in six years.

Europe's cross border merger and acquisitions also are heading for a record year following 982 deals worth \$42 billion in the first six months, up from 920 transactions totaling \$37 billion in the first half of 1995.

**INVESTING IN**  
**EUROPE**  
**ACTION IS**  
**THE US IS A TOP**  
**SHOPPER**

**By Bruce Barnard**

The difference between the current investment wave and previous spending sprees is that this time the spoils are more evenly spread around Europe as countries that previously ignored foreign firms are now busily marketing themselves around the globe.

The United Kingdom extended its lead as Europe's most favored investment location with the value of firms acquired by overseas companies leaping 31 percent to \$18.67 billion in the first half of the year, according to KPMG, the global accountancy firm. That's the highest level of corporate activity by foreign firms in the UK since KPMG began its annual survey in 1989.

The UK is also the most popular destination for direct inward investment, accounting for 40 percent of foreign spending in the 15-nation European Union. The country's stock of inward investment is now worth more than \$240 billion, three times the level a decade ago, and one-third of its manufacturing companies are foreign-owned.

The UK kept up the pace this year snaring headline-grabbing investments from Korea like LG Group's \$2.75 billion electronics complex in Wales and Hyundai's \$1.6 billion semiconductor factory in Scotland.

But other countries are narrowing the gap, according to a flurry of polls. US executives rank Ireland, the Netherlands, and Sweden as the most business-friendly countries in the EU in a survey by the Brussels-based European Council of American Chambers of Commerce, which puts the UK at a relatively lowly eleventh.

Top of the poll, however, was non-EU member Switzerland, which is putting out the red carpet for foreign firms as it experiences a recession for the first time in living memory. The French-speaking cantons of Geneva, Vaud, and Neuchatel have attracted more than a dozen high-tech American firms, such as Silicon Graphics and Medrotronic, in the past three years.

Access to cheap labor is a fast fading priority for US manufacturing companies investing abroad, which are motivated more by establishing positions in large and wealthy markets, according to a survey by the Deloitte & Touche Consulting Group.

The message hasn't been lost on Ireland, still one of the fastest-growing EU economies in spite of its geographical isolation at the western rim of the continent. The country has transformed itself from a low-cost, low-skill region by investing heavily in infrastructure and education to become a favored location for international companies specializing in electronics, computer software, pharmaceuticals, and applied research and development.

Countries like the Netherlands and Belgium, which have always attracted foreign companies, are now facing tougher competition from unexpected sources, such as France. Like California, southern France has sea, sun, and high-tech, while the windy northern coastal region is luring foreign companies to special investment zones offering tax credits that sharply cut corporate taxes.

France's image as a no-go area for foreign companies is way out of date. More than 4,000 subsidiaries of international industrial firms, such as IBM, GM, Kodak, and 3M, account for a quarter of all jobs and one-third of exports.

Sweden and Finland became more open—and attractive—to outsiders after they joined the EU in 1995. Aus-

tria, another EU newcomer, whose status as an East-West listening and transit point declined after the end of the cold war, is also trawling for foreign investment with notable successes, such as Chrysler, which is making its best-selling Grand Cherokee in Graz, and GM, which is spending \$1.5 billion on its auto parts operation in the coming two years.

Two EU countries stand out from the rest, Italy, which so far has disdained foreign investment, and Germany, which scares it away.

ICE, the National Institute for Foreign Trade, reports a fading foreign interest in Italy, with 266 foreign direct investments in 1993-95, down from 330 in the preceding three years. "Current developments show how recurrent fears of colonization of Italian industry by foreign multinationals must be overcome," it warned in its latest report.

Italians aren't averse, however, to foreign bailouts like the recent life-saving \$265 million capital injection by Texas Pacific Group into Ducati, the legendary motor-bike manufacturer.

Germany remains a daunting challenge to foreign firms and to an increasing number of domestic companies that are trying to escape from one of Europe's most expensive and rigid labor markets. German foreign investment doubled last year to a record \$33.3 billion with the UK being the leading recipient. Foreign investment into Germany surged from \$662 million to \$8.6 billion, but this still left a record net deficit of \$24.5 billion against \$17.2 billion in 1994.

German companies have, however, led the way into Eastern and Central Europe. Their exports to the region now exceed those to the United States, and more of their direct investments go to these emerging markets than to Southeast Asia.

Europe may be a single market now, but variations in costs and business culture are much greater between Hamburg and Lisbon, say, than between New York and Seattle, providing additional opportunities for investors. Portuguese workers, for example, earn on average six times less than their German counterparts.

Large European corporations take these variations into account when they place their investments across Europe. Thus Siemens, the German electrical engineering and electronics giant, is building a \$380 million memory chip plant in Portugal, a \$1.6 billion semiconductor factory in northeast England, and consolidating its automation technology activities in the Alpes Maritimes region of France.

Eastern Europe poses both a threat and a challenge to the EU. West European firms have transferred production to lower cost bases in the East with relatively little resistance from their work force, but this could be changing. The revolt by workers at an Austrian tire firm against plans by the German owners, Continental, to shift half of the production to the Czech Republic points to trouble ahead.

Instead of trying to lure foreign investments in the future, European governments may soon be offering sweeteners to keep domestic investors happy. ☺

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

# MICHAEL COLLINS

MICHAEL COLLINS (1890–1922) was born into a small farming family in County Cork, the last of eight children (his father was 75 when he arrived). After attending local schools, he started his working life as a junior post office clerk in a London savings bank. Later he went to work with a firm of stockbrokers and then with the London office of the Guaranty Trust Company of New York.

At one stage, he considered moving to a banking job in Chicago. But in January 1916, the British government—in

**With the release of Neil Jordan's new film, interest in one of Ireland's most fascinating characters has been renewed.**

**BY MIKE BURNS**

the throes of fighting World War I with Germany—introduced compulsory military service for unmarried men between the ages of 18 and 41. Ireland was exempted, but for Irishmen living in Britain, the future was uncertain and hazardous.

So Collins, then 25—and already involved with the Irish Republican movement in Britain—decided to return to Ireland, getting work with the Dublin accountancy firm of Craig Gardner.

Within months he was fighting in the 1916 Easter Rising, moving through the revolutionary leadership ranks to prominence as director of Republican organization and intelligence. He rapidly inspired passionate, fierce loyalty among his friends, who painted him as charming, heroic, inspirational. But he incurred the fear and loathing of the British Establishment, who saw him as a chilling murderer, ruthless in his pursuit of Irish freedom.

Despite this violent, controversial background, Collins played a vital role in the Anglo-Irish peace negotiations of 1921 and resolutely defended the treaty agreed with Britain—even against his



former comrades in the Republican movement who opposed the treaty on the grounds that it didn't achieve the centuries-old goal of a united Ireland and left six of the island's 32 counties partitioned and still under British rule.

Collins became commander-in-chief of the new Irish government's forces and was shot dead by one of his own countrymen at Béal na mBláth, in County Cork, on August 22, 1922, at the height of the civil war that followed the treaty.

He was seven weeks short of his thirty-second birthday.

Half a million people turned out for his funeral.

That, in summary, is just a part of the life and times of Michael Collins, a

**The real Michael Collins (1890–1922) at a public rally.**

pivotal figure in the Irish struggle for independence.

County Sligo-born filmmaker Neil Jordan (*Angel, High Spirits, Mona Lisa, The Crying Game, Interview with A Vampire*) started research on the Collins story 13 years ago. With \$28 million to spend, he has provided Warner Bros. with an epic film of the bloody 1916–1922 nightmare period of Irish history, which still has its awful modern-day resonances in Northern Ireland.

It is a beautifully made, riveting movie sumptuously filmed by director of photography Chris Menges against smoky Irish backgrounds.

Director Jordan wins outstanding performances from Liam Neeson (Michael Collins), Aidan Quinn (as his comrade and drinking friend, Harry Boland), and Alan Rickman (as the cautious and calculating Eamonn de Valera, the Brooklyn-born myopic mathematician who led the anti-treaty side in the civil war and later became Irish prime minister and president, dying in 1975 aged 91), plus a host of marvelous cameo performances.

But the movie has received several brickbats from a cross-section of historians, critics, and academics—mainly on the grounds that it glorifies Collins as a terrorist figure and takes license with historical facts.

Sile de Valera, granddaughter of Eamonn de Valera and herself a member of the present Irish Parliament, says there are a lot of “annoying inaccuracies”—not least the suggestion that her grandfather was in some way involved in setting up the ambush and assassination of Collins. She says, “My grandfather wasn’t even in the ambush area at the time and was grief-stricken when he heard the news.” Jordan, she asserts, is perpetuating a myth based on fiction.

But Collins’ nephew (also Michael) says while there are some small inaccuracies, the film provides “an emotional and powerful” insight into those violent times.

Paul Bew, Parnell Fellow at Magdalene College, Cambridge, claims Jordan used selective amnesia in pursuit “of an unbending political agenda.” And Ruth Dudley Edwards, an historian and author, says Jordan has been “grossly irresponsible,” leaving out the boring bits of history in the interests of making an exciting film.

But John A. Murphy, emeritus professor of Irish history at University College, Cork, says while there are liberties taken with historical accuracy, there is painstaking attention to period detail.

Tom Garvin, professor of politics at University College, Dublin, and author of *1922: The Birth of Irish Democracy* says it is the best Irish film he has seen. It captures “the Scarlet Pimpernel figure who was also a bril-

liant organizer—he started a war and knew when to stop (unfortunately others didn’t).”

Certainly there are some inaccuracies:

Ned Broy (played with ease and flair by Stephen Rea), becomes a composite of Collins’ moles inside the British intelligence service in Dublin, horribly murdered in the movie: in fact, he lived to become a senior policeman in the 1930s.

Collins’ fiancé Kitty Kiernan (played with grace and charm by Julia Roberts) is portrayed as a shy country girl: in fact, her family were fairly well-off business people.

In one sequence, British detectives are blown-up by a car bomb, a weapon unknown in the 1916–22 period.

Another sequence depicts an armored car machine gunning down footballers and spectators in a Dublin stadium: the shootings did take place, but no armored car was used.

Jordan, who originally developed the Collins script for David Putnam (*Chariots of Fire*) says the movie is not a metaphor for the present-day armed conflict in Northern Ireland. He defends his approach thus: “historians write history”—this is a movie which attempts to capture the main resonances of the period. It’s not a cinematic record, but “a drama about the personalities and the militaristic side of the conflict.”

He accepts that the movie is probably not fair to de Valera in those years, but it is not a portrait of de Valera’s life: “I don’t implicate him in planning Collins’ death, but he was in West Cork at that time and was unable to face a meeting with his adversary...he is a spiritual and intellectual father figure who betrayed Collins.”

Jordan says the movie wasn’t made for America—if that was the intention he would have made an Irish *Braveheart*. “It is a window on the past” that has been denied people in Ireland and Britain until now.

Liam Neeson agrees and believes the movie will have an educational effect in Ireland and Britain similar to that engendered by *Schindler’s List*.

Certainly it is thrilling, impassioned, and epic cinema that does take slight liberties with history unlikely to make any difference to cinema-going audiences outside Ireland. It is a bold, overpowering, action-adventure about a cold-blooded renegade warrior destroyed by his own renegade comrades.

And it has already captured the two major awards at the Venice Film Festival in August—the Golden Lion for best film and the best actor prize for Liam Neeson. Partisan Irish critics—and sell-out audiences—already see Oscar nominations by the hatful.

In Ireland, where the role of Collins and much of that bloody period has until now been airbrushed from the official history books, a sudden revival of interest and passions seems inevitable.

As I left my local cinema, a notice in the foyer read: ‘Michael Collins Sold Out.’ An old man, no doubt with other memories, implored the usher, “Will you please change that...Michael Collins *never* sold out to anyone.” ☹

*Mike Burns is EUROPE’s Dublin correspondent.*

**In Ireland, where the role of Collins and much of that bloody period has until now been airbrushed from the official history books, a sudden revival of interest and passions seems inevitable.**

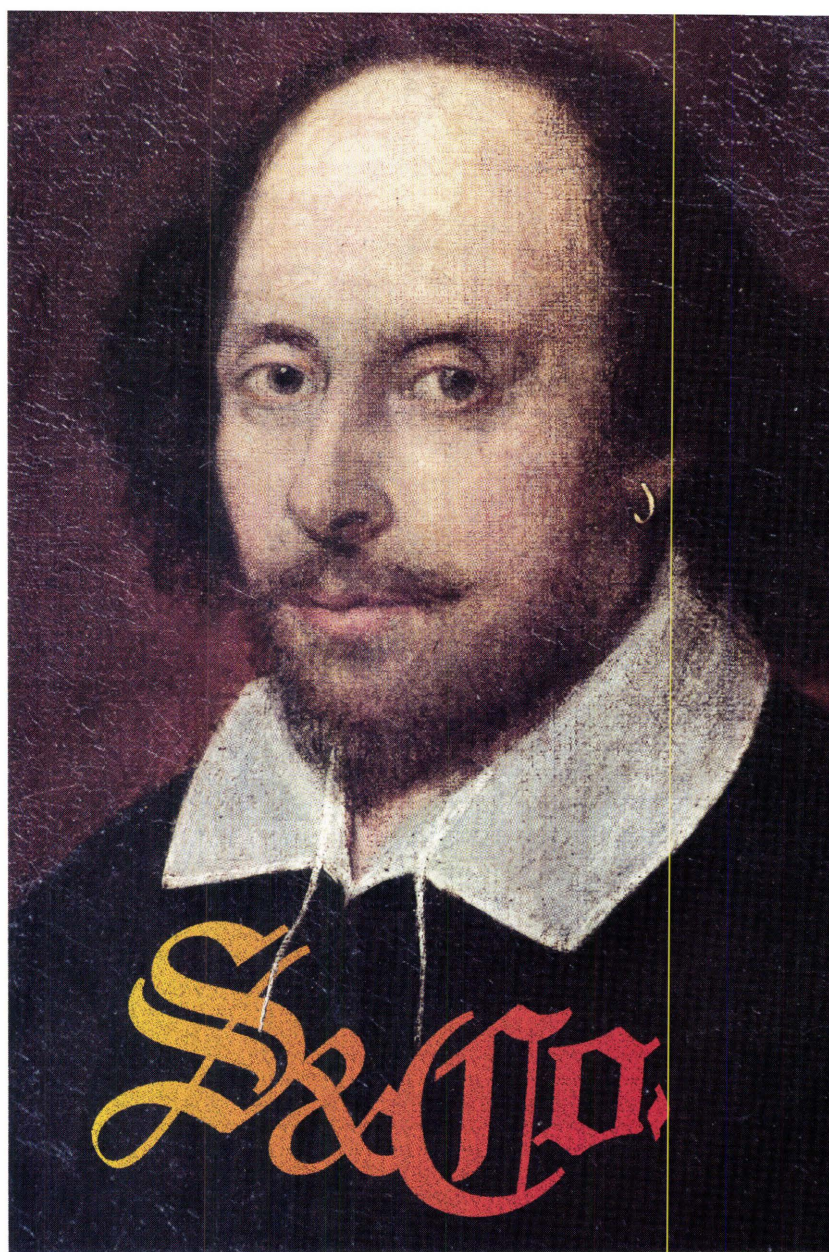
Time was when a sudden death was just the thing to revive a flagging career. A dramatic demise was a certain way to ensure a surge in success; books becoming bestsellers overnight, records becoming instant hits. Indeed, in some cases it wasn't even necessary to expire, mere rumors of death would suffice (Remember Paul is dead in the late 1960s). Painters of course are no strangers to this guaranteed money spinner. There can be little doubt that there is no painter more valuable than a dead painter. Who can forget Van Gogh's *Sunflowers* and the nearly \$40 million it realized at auction in the late 1980s? However, as the 20th century draws to a close, there appears to be only one way to achieve lasting greatness—at the movies.

Thanks to the popularity of costume dramas, there has never been a shortage of period pieces. At one stage it appeared that the Merchant-Ivory team had the corner on such lavish productions as *A Passage to India* and *Howard's End*. Where once it was EM Forster who sounded the cash bells, today, without doubt, it is Jane Austen who has captured the US. By no means a newcomer to screen adaptations, this year has been a veritable Austenfest. The outstanding BBC production of *Pride and Prejudice* was one of the most popular television dramas of 1995 in the United Kingdom and was received with equal praise when screened on the A&E network in the United States. This proved to be the perfect appetizer to entice audiences to the larger screen, where their taste buds were satisfied with the spectacular *Sense and Sensibility*, with *Emma* following shortly afterwards, as a sweeter dessert.

All this makes Austen, once banished to school reading lists, a commercial success. Following the success of the three recent screen and television adaptations, there has been a very big jump in sales of not only these titles, but also of the Austen back catalog.

Shakespeare, too, has made a very smooth transition to the screen. In recent years, we have been blessed with accounts of *Hamlet* and *Much Ado About Nothing* to name two, but a glance in any current movie guide will reveal no less than three Shakespeare adaptations (*Twelfth Night*; *Romeo and Juliet*; *Richard III*). Not bad for a playwright who died some three centuries ago. Even the lives of the artists are cashing in on this wave. Moviegoers are also being treated to a version of Picasso's life starring Anthony Hopkins.

So just what is it about these dead people? Certainly some were successful during their time, but others seem to have gained celebrity status only in death. What have they got today that they just didn't have when they were alive? What makes parts in their movies so desirable, and what makes the public flock to see them? Certainly, with regard to Shakespeare, many actors find it a challenge to take on the Bard, and it sure is easier to absorb on the big screen than deciphering all that verse on paper. When it comes to Jane Austen, who can resist a



## SHAKESPEARE & COMPANY'S SUDDEN SUCCESS

EUROPEAN ARTISTS ARE MAKING A  
COMEBACK FROM THE HEREAFTER.

◆◆◆◆◆ BY CLAIRE BOSE ◆◆◆◆◆

good love story, especially when coupled with beautiful costumes and scenery, even if the plot resembles more of a Mills and Boon romance than anything that could happen in the real world? Or does it? One of the most successful movies of last year was *Clueless*, a modern day Beverly Hills 90210-style adaptation of

*Emma*. Now what would Miss Austen make of that?

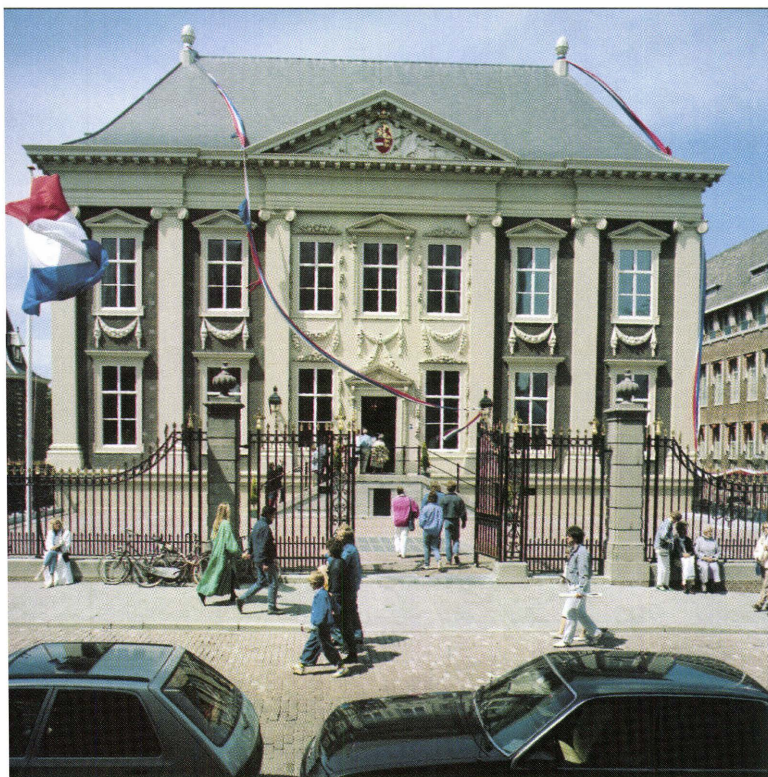
Only one problem remains with all these adaptations. With the exception of Shakespeare, who penned some 38 plays, the complete works of these sudden successes remains strictly limited and, unless some unpublished manuscript is one day uncovered, there is almost no hope of enlargement. With just two novels of Austen left that have yet to be adapted to screen, there remains only one question that needs to be answered: Which long deceased, little-thought-of European writer will be the next to become a superstar overnight? ☹

Claire Bose is a writer based in Washington, DC.

# THE HAGUE

## EUROPE'S MOST IMPORTANT VILLAGE

By Robert J. Guttman



**The Mauritshuis is one of the coziest of the world's great museums.**

If I were to say I spent three wonderful days in 's-Gravenhage most Americans, and probably many Europeans, wouldn't have any idea what I was talking about or have any idea where 's-Gravenhage is located.

However, if I were to say that I spent the time in the Hague, most people would instantly recognize the seat of government of the Netherlands. No matter if you call it *Den Haag*, 's-Gravenhage, or the Hague, the city, which bills itself as "The Largest Village in Europe," is a beautiful, serene, cosmopolitan city with excellent museums, restaurants, and a resort on the North Sea not far from the center of town.

'S-Gravenhage, the original name of the town, literally means "the Count's hedge" because the village developed as a small hamlet next to the count's castle in the 13th century. The Hague, in its centuries of existence, has never to this day been given a city charter, thus the title "the largest village in Europe."

However, I would add my own title for the Hague: "Europe's Most Important Village." It is one of the world's leading cities in international law and arbitration (today the International Criminal Tribunal for the former Yugoslavia is

being held in the Hague), and it is also home to the beautiful Peace Palace. The Peace Palace, which houses the International Court of Justice and the Permanent Court of Arbitration, was a gift at the turn of the century from American steel magnate Andrew Carnegie.

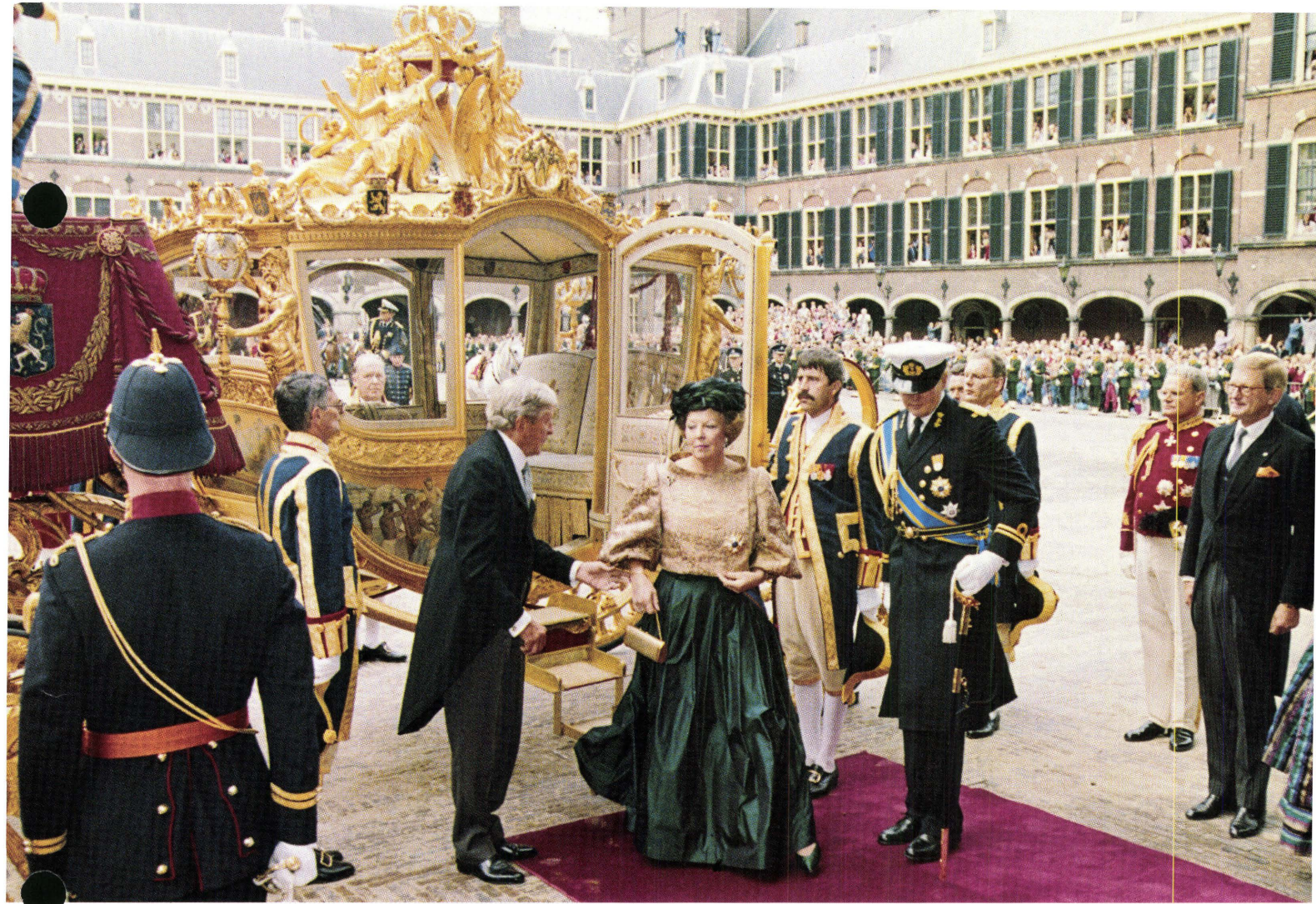
The first Hague Peace Conference was held in 1899 at the request of Czar Nicholas II of Russia, helping to establish the Hague's initial reputation as the "the world's legal capital."

The United Nations has endorsed the concept of the Hague as "the legal capital of the UN," and the Dutch government agrees with the "view that we are the legal capital."

Located in a building that houses an insurance company, the UN has set up the International Criminal Tribunal for the former Yugoslavia to look into war crimes during the war in Bosnia. It is fascinating to sit through a session of these hearings. According to Adriaan Bos, the legal advisor at the Dutch foreign affairs ministry, there are now discussions taking place about establishing a full-time general criminal court as a follow-up to the Yugoslavia War Crimes Tribunal. "We hope to have a decision on this court by 1998," says Mr. Bos, who has an encyclopedic knowledge of all the international tribunals that have taken place or are now taking place in the Hague.

He told me about an ongoing US-Iranian arbitration tribunal still taking place in the Hague, concerning Iranian assets frozen by the US after the hostage crisis more than 15 years ago.

But there is much more to the Hague than only international legal questions and discussions. Before moving on to



**Once a year Queen Beatrix rides in the royal carriage to the Houses of Parliament for the official opening ceremony.**

other sights a visitor should take the time to visit the beautiful Peace Palace. The official tour of the historic building and gorgeous grounds is well worth the time.

How do you know if the Dutch prime minister is in his office known as "The Little Tower"? You just look at the driveway outside his office to see if his car is parked there. In an office overlooking a lake the prime minister has a beautiful office in what appears to be a round tower of an old castle. It is quite impressive but also refreshingly informal.

The center of the government buildings is an area known as the *Binnenhof* (inner court). This was the courtyard of the 13th century counts, and it is still the center of government today as the two chambers of the Dutch Parliament are located here. The Parliament, known as the First and Second Chambers of the States General, is located there next to the *Ridderzaal* (Hall of Knights). Every September 17, known as *Prinsjesdag*, the queen officially opens the Dutch Parliament by riding in her golden coach to and from the Houses of Parliament. There are special festivities surrounding this event every year, and children get a day off from school to celebrate.

Although I didn't understand a word, I sat in on a session of Parliament in the stunning and very modern New Second Chamber building. According to my guide, "The colors used in the hall reflect the Dutch landscape with green on the floors and a slightly domed azure ceiling. The chairs are cobalt blue and shaped like a tulip." The modern building contrasts sharply with the surrounding historical area.

The Hague offers a surprising number of excellent and varied museums. Next to the prime minister's Little Tower is one of the town's best-known museums, the Mauritshuis. In case you missed the Johannes Vermeer exhibit when it was in Washington, you can see three of the famous Dutch painter's best-known works of art at the Mauritshuis. Vermeer's *Girl With a Pearl Earring* and his *View of Delft* are worth the trip to this museum alone. The museum also houses 16 Rembrandts' including his famous *Lesson in Anatomy of Dr. Tulp*. According to the museum guide book, "Mauritshuis is housed in one of the most beautiful classicist buildings in the Netherlands." It is definitely worth spending an afternoon at what is described as the "coziest of the world's great museums."

The most exciting and popular exhibit in the Hague in October was the *From Monet to Matisse: French Masters from the Pushkin Museum in Moscow* showing at the Hags Gemeentemuseum (Hague Municipal Museum). This unique exhibit presented paintings by not only Monet and Matisse, but artists such as Raoul Dufy (*July in Deauville*); Paul Gauguin (*Self-Portrait*); Vincent van Gogh (*The Prison Courtyard*); Pablo Picasso (*Woman With a Fan*); Camille Pissarro (*Autumn Morning in Eragny*); Auguste Renoir (*In the Garden*); Alfred Sisley (*Clearing in a Forest of Fountainbleau*); and Edouard Vuillard (*On the Sofa*). The crowds at this excellent and fascinating exhibit were the largest I encountered the entire time I was in the Hague.

A different type of museum is the Panorama Mesdag, which is worth a quick visit. The world's largest circular

painting can be found in this museum. The panorama is of the fishing village of Scheveningen as it appeared in 1881. As the museum's literature states, "the Mesdaq Panorama presents a baffling illusion of reality." A visitor senses the optical illusion and almost feels as if he is standing on the sand dunes at a real beach.

When I was told there was a miniature town called *Madurodam* that represented all the areas of the Netherlands, I was a bit skeptical but decided to go see this small theme park, which attracts more than a million visitors a year. This park is actually a small scale replica of all the well-known attractions in the Netherlands. It is called "Holland in a Nutshell." All of the oil rigs spout real fire; the trains run throughout the park; the windmills turn; and all the buildings look authentic. The entrance has a lighthouse and replicas of dikes. There is a new indoor display entitled "Sand World," which depicts "the battle waged in the Netherlands against the water" throughout its history. This is a great place to take children—fun and informative!

Only three miles west of the downtown is the popular seaside resort of Scheveningen. The center of this resort on the North Sea is the massive Kurhaus Hotel. The hotel has a casino, and the Restaurant Kandinsky offers a beautiful view of the ocean. I sat outside the hotel and ate, what I was told is a Dutch specialty—banana pancakes.

Speaking of food, the Hague is famous for its many Indonesian restaurants, reminiscent of the days when Indonesia was a Dutch colony. Try the Dutch invention at any of these Indonesian restaurants called *rijsttafel*. You'll be glad you ordered this dish that can be prepared many different ways.

I would have to agree with the tourist guide who said, "There is no town where you can find more variety of shops as in the Hague." Every street seemed to be a pedestrian shopping street. There is a great shopping mall known as "the Passage" in the center of town. The streets, including the fashionable Denneweg Street behind the Hotel des Indes, were jammed with antique shops.

The Hague has many festivals all year round. The most famous is the North Sea Jazz Festival, which is one of the largest in the world. The popular gathering of jazz musicians from around the globe takes place in July. In the winter during the holiday season, the main square called the *Plein* becomes the Plein de Noel with a large Christmas market and music performed all day long.

While Amsterdam is the city most visited by Americans

on their travels to the Netherlands, it would be very worthwhile to take the less than 30 minute train ride to the Hague on your next trip. The "World's Largest Village" is very different from the nosier, more crowded city of Amsterdam. Life in the Hague seems more relaxed and genteel. It is a charming city. It has wonderful parks and is easy to see on foot.

If you are looking for Europe's most important village, look no further than the Hague. ☺

*Robert J. Guttman is EUROPE's editor-in-chief.*

## Hotel Des Indes

My guidebook's comments on the Hotel Des Indes sounded very impressive. "If you are looking for the most prestigious and historic accommodations in all of Den Haag, Inter-Continental's deluxe five-star Hotel Des Indes fits the bill. If only the best will satisfy you, this is definitely the place to stay while in the Hague."

After my three night stay at this charming old-fashioned hotel in the heart of the Hague, I definitely agree with my guidebook's glowing comments on this truly remarkable former baronial townhouse, originally built in 1856.

As a guest I felt as if I had been transported back in time and was visiting Europe 100 years ago. The stunning hotel lobby features a beautiful red carpet, a round balcony, and marble pillars. Le Restaurant is equally beautiful with a gorgeous chandelier lighting your impressively made and delicious meal.

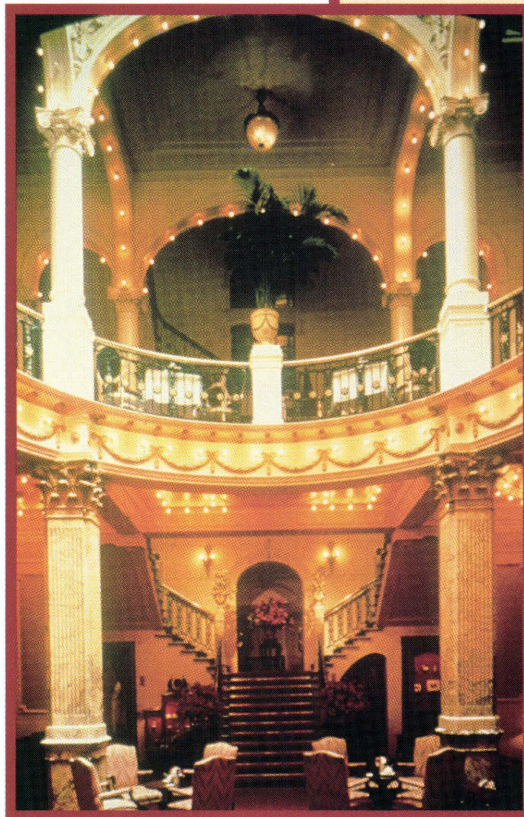
The hotel has seen a guest list stretching from President Theodore Roosevelt in 1910, to Dwight Eisenhower and Winston Churchill in the 1940s, to the rock group U2 and the entire German soccer team more recently. Celebrities notwithstanding, the guests tend mainly to be businessmen and women visiting the large Dutch multinationals in the Hague and Rotterdam.

Jacques Ravoo, the hotel front office manager, says that many guests actually stay at the Hotel Des Indes and take the train to Amsterdam for the day because the hotel is so tranquil and relaxing. He comments that the hotel is "quiet with service the way it used to be. There is a personal atmosphere in our old traditional hotel."

If you plan on staying at the Hotel Des Indes over Christmas, bring your dancing shoes as there will be a special dinner and dancing on Christmas Day in the hotel lobby. In addition to high tea every day, a jazz band plays in the hotel the last Sunday of every month.

A perfect way to visit the Hague is to stay at this elegant and luxurious hotel. You will feel as if you have been transported back to a more glorious and peaceful past.

—Robert J. Guttman



**The five-star Hotel Des Indes was built in 1856 as the home of a Dutch baron.**



In the spirit of the season, *EUROPE* asked our Capitals correspondents to write about Christmas holiday traditions in their countries.

## BRUSSELS

### CHRISTMAS MARKETS

Since Belgium is predominantly a Catholic country (though religious observance is steeply on the decline), much is made of saints' days, particularly that of St. Nicholas (6 December), the patron saint of children and shopkeepers. On St. Nicholas Day, children are presented with bags of *speculoos* biscuits or marzipan figurines in the shape of pigs, donkeys, or even false teeth.

Some children get their Christmas presents then, while others have to wait until Christmas Day. If they strike lucky they may manage to collect on both occasions.

St. Nicholas Day is really the kick-off of a series of events that continue until the New Year's Eve festivities on December 31, St. Sylvester's Day. On December 7, a giant Swiss Christmas tree is erected in the Grand Place in Brussels, alongside a life-size stable with a wooden crib, complete with wax Nativity figures and a flock of real sheep.

Yet the real distinguishing features of Christmas in Belgium are the Christmas markets, which are held in every town and large village in the country. One of the most popular of these is the European Christmas Market, held every year for two or three days usually around

## Holidays in Europe

December 8. It used to be held in the Grand Sablon square in Brussels, where antique fairs take place every weekend, but last year it was transferred to the Grand Place. There are stalls from every member state of the EU, and from other countries as well, selling distinctive national products with a vast range of delicacies to eat. It is usually quite

**Every year Brussels' Grand Place is graced with a grand Christmas tree.**

cold, but the chill is held at bay through the consumption of large quantities of *glühwein*, a spicy mulled wine sold by the German, Austrian, and Swiss stalls.

Outside Brussels, some of the markets continue for two weeks or more, remaining open until Christmas Eve, while the Liège market continues for a week longer until New Year's Eve. One of the most attractive markets is held in the Grand Place in Mons, not far from the NATO military command. Here some 50 chalets are erected in front of the handsome Gothic town hall, while jazz concerts and choral recitals are

planned to liven up the bleak wintry days, and a big flower market adds a dash of color every Friday.

Torchlight processions take place in several towns, including Brussels, on December 16, and at Bastogne, in the Ardennes, a nuts festival is held, culminating in a nut-throwing contest on the balcony of the town hall. This celebrates the Battle of the Bulge, in December 1944.

As in most non-English speaking countries, the great day for self-indulgence is not Christmas Day itself but Christmas Eve, where dinner is usually a five-course affair, with turkey, goose, or duck as the main dish, washed down by a variety of wines. These are not from Belgium, which boasts only one tiny vineyard, but from anywhere in southern or eastern Europe, the southern hemisphere, or even California. Few Belgians, and even fewer foreign residents, feel in a fit state to report back to their workplaces before January 2 at the earliest.

—Dick Leonard



## LONDON

## HOLIDAY DECORATIONS

**R**obin redbreasts perched on holly trees against a snowy background in which small groups of people sing carols as lights shine from houses where decorated Christmas trees can be seen through the window.

That is the traditional, romantic picture of Christmas in England. For the majority of the population—the urban dwellers—the reality is somewhat different but no less jolly.

Yes, the robin that hardy winter bird with its chest of red feathers can be seen in gardens throughout the land. Holly grows in abundance with its characteristic red berries. There are carol singers, too. And it is true that small pine trees festooned with fairy lights and glittering silver balls can be seen in the windows of most homes.

But the traditional and the commercial are now so mixed up that it is becoming increasingly difficult to tell one from the other. The modern tradition is that everyone goes on a wild buying spree before Christmas.

The exhortations to buy with warnings that “There are only 30 or 20 or only 10 shopping days to Christmas” is far more prevalent than snow, which is a rare event in the capital in December.

But this is not necessarily a bad thing. Perhaps, some of the most delightful aspects of Christmas in the UK, and certainly in London, are the street and store decorations.

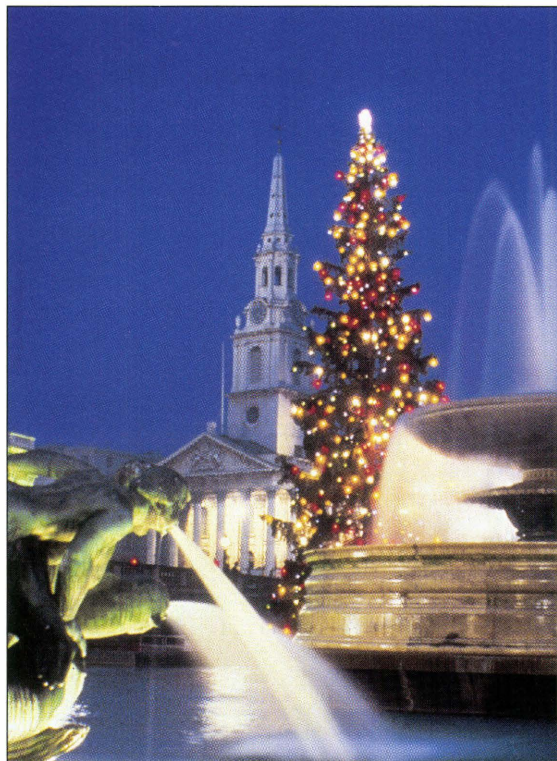
Oxford Street and Regent Street become wonderlands as they compete to see which has better festive lighting. The big department stores vie with each other for the most creative windows. Selfridges, Harrods, John Lewis, and of course Hamleys, the wonderful toy store on Regent Street, all unleash the creative energies of their window dressers.

Shoppers flock by the millions to marvel at the lights, the window displays, and above all to buy, buy, buy.

For live Christmas entertainment there is pantomime, surely a unique theatrical experience for the young and the not so young. This is usually a musical entertainment loosely based on a fairy

tale or a children’s story, such as *Cinderella* or *Peter Pan*.

Traditionally, well-known male comedians play one of the funnier female roles, and above all, the children and those of us who still have a child inside us are encouraged to cheer the hero and hiss the villain. No staid, polite audience



**London’s Trafalgar Square decked out for the holidays.**

attention here, pantomime is all about audience participation. Everyone has to enjoy.

There are parties and visits to families and friends, the sending of Christmas cards, and the exchanging of gifts, often greeted with a groan as a dear maiden aunt delivers yet another pair of sensible socks to a teenager who longs for a video or a computer game.

Norway has created its own tradition in London. As a gesture of thanks to the people of Britain for their help during World War II, it annually sends a giant Christmas tree which is erected in Trafalgar Square and lit up on Christmas Eve.

The huge furor that precedes December 25 dies on Christmas Day. Suddenly everything goes quiet as people gather at home to eat, drink, and be merry. One tradition is the queen’s Christmas speech, which is broadcast on television and radio. In recent years this is paid

less than rapt attention, but even the act of not listening is part of the day.

Many go to church to celebrate the birth of Christ. But above all, we eat. Traditionally, we have turkey and ham, roast potatoes, and little green Brussels sprouts, which almost everyone hates but which are seasonal and traditional.

The climax is Christmas pudding, a very serious and very heavy dessert that can be prepared weeks and even months in advance. Stuffed with dried fruit it is steamed for hours before being brought to the table flaming from the brandy that was poured over it. A sprig of holly on top completes the picture.

After that we all collapse in a bloated heap, surrounded by the torn wrapping paper and the joys and disappointments of the day we had looked forward to for so long.

—David Lennon

## HELSINKI

## SNOW SAFARIS AND SANTA

**N**ow that winter has truly arrived, there are several ways to handle the meteorological nastiness of the next few months. You can turn your back on it and take a holiday in the tropics; you can stay put and grumble your way through the wind and rain and snow; or you

can embrace winter, look on it as a season to be celebrated, and travel to the land where it is at its best.

Finland, with one-third of its surface area north of the Arctic Circle, is the country where Old Man Winter is king. He is not such a tyrant as you might imagine. The Finns look on him as an old friend who gives them the chance to play around in the snow and afterwards get together with family and friends in front of a blazing fire.

You can join in on the winter fun this year, through a series of package tours organized by the Finnish Tourist Board and Finnair, the national airline. They will fly you to the snowy expanses of Lapland, where the only natural light during this season comes from the stars, the moon, and the northern lights, so that daytime is transformed into a magical blue twilight. You have a choice of several methods of being transported through this wonderland. If you cannot bear the serene silence of the forests,

you can roar through them on snowmobiles, but far more traditional, peaceful, and exotic is a safari on a sleigh pulled by a team of huskies or by several reindeer. It is up to you; it all depends on whether you prefer to shout "Mush!" or "Ho! Ho! Ho!" as you get pulled along.

All the safaris, which vary in length from one to six days, feature at least one meal outdoors around an open fire, a chance to try your skill in the driver's seat, and daily saunas to relax you after all the excitement. Depending on which safari you choose, you will visit either a reindeer or a husky farm; sleep in a log cabin, a Lapp tent, or a timber teepee; and get the chance to practice lasso throwing, snowshoe running, and tandem skiing.

Nanook of the North-style clothing and all special equipment, such as snowmobile helmets and sleeping bags, are provided; you simply have to bring your long johns, wool socks, and a spirit of adventure.

If you want to do something really different and do not mind looking like an orange popsicle for part of the time, an icebreaker cruise through Europe's largest ice field, including a dip in the glacial sea in a thermal survival suit, is a novel way to spend three days. The ice cruises, which began in December and continue until May, take place aboard the icebreaker *Sampo*, which plows its way through one-and-a-half foot thick ice near the Lapland port of Kemi.

Those who want some holiday snapshots they can laugh at for years to come can top off the cruise by climbing into a bright orange survival suit that keeps its wearer afloat, completely warm and dry, while he bobs around in the Arctic waters like a day-glo seal.

Families can spend a memorable Christmas holiday right in the heart of Santa Claus country, in Rovaniemi, the capital of Lapland, which lies on the Arctic Circle at the crossing of two mighty rivers. Northern Finland is generally acknowledged to be the true home of Santa, but he has several residences. The remote Korvatunturi in eastern Lapland is his private base, where no visitors are allowed. In Rovaniemi he has established the Workshop Village, where children can meet him every day of the year, and his Main Post Office, where he receives wish lists from all over the world. (Santa's official address is: Santa Claus, 96930 Arctic Circle, Finland.)

Besides a visit to the workshop, the tours, which range from four to seven

days, include a Christmas Eve sleigh excursion into the forest to fetch a Christmas tree, the decorating of the tree, and a visit from Santa and his reindeer before they set off on their round-the-world delivery flight. A copious Finnish feast with traditional specialties like baked ham, herring, holiday breads, and preserved fruits is another feature of the festivities, as is the Christmas sauna and the chance to attend a morning church service on Christmas Day.

Outdoor romps in the snow are a big part of the fun as well and range from tobogganing competitions and ice fishing, to husky and snowmobile rides and reindeer driving lessons. If you turn out to be a natural in Santa's cockpit, you can even earn a reindeer driver's license, good for five years.

If you would like to experience winter at the top of the world, contact any Finnair office or the Finnish Tourist Board, 655 Third Avenue, New York, NY 10017, tel: (212) 949-2333.

—Ester Laushway

## L I S B O N

## COD FOR CHRISTMAS

It hasn't snowed in Lisbon for 40 years and the illuminated plastic snowmen look distinctly uncomfortable suspended above the bustling crowds of shoppers. But the Portuguese don't seem to mind the absence of snow as they look forward to their special yuletide delicacy: salt cod *bacalhau*. Okay, it's not everyone's idea of a treat. The dried fish hang like moldy loofahs in the grocer's window, and it takes a leap of faith to imagine tucking into a steaming platter of *Bacalhau da Consoada* (Christmas Eve Cod).

But on December 24 the streets fill with the smell of boiling cod and cabbage. With the addition of a few potatoes, eggs, and some garlic and oil, the festive dish is ready to be served "piping hot" before heading off to the midnight mass. In her recipe book, *Traditional Portuguese Cooking*, Maria de Lourdes Modesto provides a tip on what to do with the leftovers. The recipe is called *Roupa Velha* (literally "old clothes") and basically involves reheating the ingredients the next day to serve alongside the Christmas turkey.

The Portuguese fascination with *bacalhau*, which they call their "faithful friend," may date back to the 15th cen-

tury when it is thought that the explorer Diogo de Teive and his son Joao first discovered the Newfoundland Grand Banks. Subsequently, the great *bacalhoeiro* schooners would carry 3,000 men each year to fish the cod-rich waters there.

The Portuguese boast that they have 365 recipes for cod—one for every day of the year—which does make it a little perplexing that they should choose to eat it at Christmas, too. Other recipes include Cod with Rye Bread, Lobster Cod (which has no lobster in it!), the popular Cod with Potato and Egg, *Bacalhau a Bras* and *Bacalhau Gomes da Sa*, cod baked with milk and garnished with olives, named after the Oporto cod merchant who invented it.

Christmas visitors to Portugal who have not acquired a taste for cod need not be alarmed. Turkey with all the trimmings is usually provided as a secondary attraction.

—Samantha McArthur

## T H E H A G U E

## MIDWINTER HORN SOUNDS

In the dark days around Christmas, a sonorous sound can be heard across the countryside. A monotonous melody of just a few tones, is emitted from a little-known instrument called the "midwinter horn." It reverberates and sometimes it is answered by a similar sound far away. Particularly on cold and dark winter evenings, it is a mysterious experience.

In Twenthe, a remote corner of the Netherlands bordering on Germany, a centuries old tradition is kept alive. Only a couple of villages practice this tradition that is called "blowing the midwinter horn" and that takes place in the weeks from Advent until Twelfth Night. On Christmas Day, an official contest between people from different villages takes place in Ootmarssum, the center of the midwinter horn tradition.

The instrument looks like a giant elephant tusk. A midwinter horn can be as long as six feet or more and is made of wood. A limb of a hazel or alder tree is sliced in two, hollowed carefully from small to broad, and afterwards tied together again with vines. At the wide end, the horn is about eight inches in diameter. Wood is also used as a mouthpiece. The instrument is played like a bugle, making it both difficult and exhaustive to play.

As it is such a large instrument, the end of the horn is secured to the ground or, more often, on the rim of a water well in order to improve the sound and make it carry further.

There is a base melody, and each village has its own variation on this theme. At the annual contest, the competition between the experienced midwinter horn players of the different villages is fierce. It's as much a question of endurance as of skill to win.

The origin of the midwinter horn is not exactly known, but it is certainly an age-old Germanic custom, dating back to before the Christianization, which took place at a late stage in this region. It has as much to do with scaring bad spirits as with the "solstice," the passing of the shortest day of the year and the beginning of the lengthening of the days. In Germanic times, in this eastern part of the Netherlands, and the bordering Germany, the *joelfest* was held to commemorate the passing of the winter and the beginning of a new year. But the blowing of the midwinter horn has also been compared with the horn music of the announcement of the birth of Christ in Bethlehem. In any event, the tradition now attracts increasing numbers of visitors, some of whom are reminded of the superstitious beliefs that have never quite disappeared.

—Roel Janssen

## VIENNA

### SILENT NIGHT

One of Austria's native sons penned a hymn in the early 19th century that told the Christmas story in such a simple, heartfelt way that it became perhaps the essential carol in homes and churches worldwide. More than 175 years after Josef Mohr's "Stille Nacht" (Silent Night), all is certainly bright, if not always calm, as the momentum builds in Austria for another Christmas season.

In this mostly Catholic country, Christmas revolves more around the sacred rather than the secular, but folklore and regional tradition have helped stretch the Christmas experience into a month full of decoration, song, food, and family activities.

The season begins with Advent, the

four weeks leading up to Christmas. Town squares across Austria feature huge decorated trees and Advent markets filled with Christmas tree ornaments, toys, carved nativity scenes, and pastries. Choirs stage special concerts filled with seasonal carols and folksongs. Families often set up evergreen wreaths, or *Adventkranz*, with four candles marking the weeks until Christmas. As each



**The Vienna Boys Choir gives special Christmas performances.**

Sunday arrives they light an additional candle and pray or sing a hymn around the dinner table.

For children, the excitement turns to December 6, the feast of St. Nicholas. The 4th century bishop and patron saint of children roams the countryside bringing candy and gifts to well-behaved youngsters. But, as legend has it, he travels with an evil sidekick, sometimes a monster called *Klaubauf* or a demon called *Krampus*, who is ready to chastise children who don't study the Bible.

Activity in the kitchen heats up during the last days before Christmas as the holiday would not be complete without the scent of a baking Christmas stollen, fruit cake, or a sacher torte. Preparations often start early for the traditional Christmas Eve family dinner, which might include stuffed goose, potato salad, and carp boiled down to form a fish soup.

The bustle of the season slows on Christmas Eve as stores close to allow family celebrations. Children often are sent off to visit with family or friends, only to return after dark to find the

*Christkindl*, or Christ Child, has come and the family's Christmas tree magically appears for the first time covered in ornaments and lighted candles. After singing carols and admiring gifts, everyone sits down to a late dinner. The evening usually ends with the family attending midnight mass.

The holiday isn't over at midnight but spills into the next two days. Christmas

Day and St. Stephen's Day, with gatherings of family and friends. After a month's worth of buildup, Austrians take a few days to wind down and return to "calm"—at least until New Year's.

—Christina Barron

## ATHENS

### CHRISTMAS PIGS AND PITTAS

Until 15 years ago or so, Christmas in Greece was overshadowed by New Year's as the midwinter festival, although December 25 was still an occasion for a feast. In villages around Greece, people celebrated Christmas by getting up before dawn for an Orthodox church service and then roasting a sucking pig for the midday meal.

In mountain districts, the days between Christmas and New Year's Day were spent making sausages and preserving meat in jars filled with lard, food to be eaten on special occasions through the rest of the winter.

Now, however, Christmas trees, cards, and gifts are not only part of urban Greek life, but have spread to the countryside, especially in regions where family members have worked in northern Europe.

Supermarkets are filled with Christmas fare from all over Europe, from imported turkeys to fresh sea bass—popular in Italy—and traditional British puddings. Inflatable red-nosed reindeer appear on the newspaper kiosks early in December, and German carols compete with the traditional Orthodox *kalendes* sung by Greek children throughout the Christmas and New Year week.

Official efforts to make Greece's Christmas symbol a sailing vessel—reflecting the country's shipping tradition—rather than a tree cut down from its shrinking pine forests have made little impact on the trend toward celebrating Christmas in northern European style.

The burden of seasonal spending is made easier by the Greek custom of handing out an extra month's salary to employees at Christmas and Easter. The extra cash also encourages people to travel at Christmas. Many Greeks head north to Switzerland and Scandinavia in search of a traditional festival deep in snow.

But younger Greeks use the opportunity provided by two weeks when business activity comes to a halt to travel further afield. Long-haul holidays to Asia are increasingly popular during the Christmas break.

Nonetheless, Greek tradition resurfaces on New Year's Eve. All night card games are the rule, and whoever wins is believed to retain his or her luck for the year. This year, the country's half-dozen new private casinos will be crammed with players trying their luck at the tables.

Suckling pig is back on the menu at New Year's, together with the *vasilopitta* a huge round loaf flavored with vanilla. Inside the pitta, a coin is hidden—traditionally a gold sovereign but a 100 drachma piece will do.

It is the head of the family's duty to cut the pitta into equal slices for everyone around the table, leaving an extra piece "for the house." Whoever finds the coin can look forward to a year's good luck, and if it emerges from the piece that belongs to the house, the luck will be shared by all the family.

It is not only families that hold pitta-cutting ceremonies; all through the holidays, Greek companies, sports clubs, and professional associations carve up thousands of pittas.

The Christmas season ends on January 6, the feast of the Epiphany, when Orthodox priests bless the seas—to make them safe for Greek sailors throughout the year—by throwing a crucifix into the harbor. On every Greek island, regardless of pollution, swimmers dive into the chilly waters in a competition to retrieve the cross and every vessel in port sounds a long blast on its siren.

—Kerin Hope

## LUXEMBOURG

### POINSETTIAS TAKE OVER

A long-time English resident of Luxembourg vividly recalls the festive red of poinsettias at Christmas. "You'll see them on just about every window ledge in the country. The Luxembourgers are great people for flowers and in-

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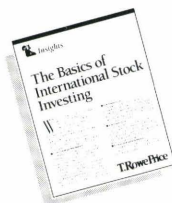
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door plants, and at Christmas the poinsettias simply take over,” he says.

Luxembourgers might well be the world’s greatest flower lovers. Even a brief visit to the city suggests that the number of florists per capita must be way up the world league. And what stores they are! Some seem like small tropical Edens. People wait like penitents before leaving with a bundle of fresh blooms wrapped as scrupulously and as elegantly as if they were made out of glass.

The love of growing things is understandable in a country where two-thirds of the land is covered with beech and fir forests. Napoleon called Luxembourg *le Département des Forêts*. Pines and spruce from the woods are cut and brought into city and town squares and into private homes for decoration in the days before Christmas.

The prominence of extravagantly arranged floral centerpieces and trees at Christmas reflects the influence of Luxembourg’s German neighbors, as do the cheerful Christmas street markets selling baubles, toys, and the indispensable *glühwein*. But at its heart, the Luxembourg celebration of Christmas is deeply religious and family-based, drawing on the same ritual as those of other Catholic European countries.

Thus for children the important date is St. Nicholas’s Day, December 6, when Santa Claus distributes presents and Black Peter chastises the naughty ones. For the family as a whole the feast begins on Christmas Eve, and nowadays it is precisely that—an epic meal, which features turkey, suckling pig, goose, venison, oysters, foie gras, or not uncommonly, all of them.

This is a joyous family occasion, “though traditionally you don’t speak when you’re eating your foie gras,” says a veteran of such meals. It is also the moment for the *Christkindl* (Christ Child) to appear and distribute presents that may have been pledged by Santa Claus a few weeks earlier.

Many people will go to midnight mass after dinner; others will do so on Christmas Day. These services have become, at least in Luxembourg city and the larger towns, the last remnant of a tradition of weekly churchgoing by families. What you see in the churches at Christmas nowadays is what used to be normal at any weekend.

Once, people would eat nothing on Christmas Eve, attend midnight mass,

and return home to black pudding—a not obviously appealing form of sausage made of blood and suet. Even today that practice is still honored, if only in the more remote farming communities.

It nevertheless serves as a reminder of how relatively new the Luxembourg Christmas of today is. Even as recently as 30 years ago, Christmas meant nothing more than extra churchgoing for most people.

Why has it changed? Growing personal wealth and the influx of new nationalities into Luxembourg have played an important part, says Ginny Silva, a third secretary at the British embassy. But perhaps most influential has been the cultural revolution brought about by television, and the window this has opened on Christmases elsewhere—most notably in America.

If Luxembourg has taken its festive rites from other countries, it has to be said it has left some things well alone. You will not find your eardrums assailed by carols broadcast over loudspeakers in streets and supermarkets. You will not be made to feel that the holiday is nothing more than an excuse for heavy shopping. As with much else, Luxembourg seems to base its Christmas on a happy borrowing of the best traditions of its neighbors.

—Alan Osborn

## MADRID

### NOCHE BUENA

**C**hristmas comes but twice a year in Spain: once on December 25 and then again on January 6. With such a long season, it stands to reason that there are a number of traditions Spaniards indulge in to mark the birth of Christ and related holidays at yuletide.

The buildup to Christmas is like that in most other Western nations. Weeks beforehand, commercials for possible gift items like perfumes, men’s colognes, and toys for the kiddies clog the television airwaves as do ads for uniquely Spanish holiday indulgences such as a chewy nougat called *turron*.

Also eagerly awaited is the annual Christmas commercial for the Catalan sparkling wine Freixenet, which each year hires a Hollywood heavyweight like Paul Newman, Racquel Welch, or Kim Basinger to plug its bubbly.

But the premier pre-Christmas event in Spain is the “El Gordo” lottery, the

world’s richest in total prize money. For months, punters are buying tickets to share out with friends and work colleagues. On the morning of December 22, the whole country comes to a standstill as orphans sing out the winning numbers on television in a ritual that takes several hours.

Of the hundreds of cash prizes, most are for about \$100, but the top three can be worth millions, and as entire ticket sequences are sold in one region of the country, whole villages can suddenly become fabulously wealthy.

In Spain, the night of December 24, called *Noche Buena* or “the Good Night,” is more important than Christmas Day proper, and shops and businesses shut in the early morning. Families gather for a very late-night supper, traditionally centered around shellfish, following midnight mass. The next day, presents are exchanged, and another mammoth meal is consumed. In the late afternoon, bars, restaurants, and cinemas reopen, and life begins to return to normal.

New Year’s Eve, called *Noche Vieja* or “Old Night,” is spent in a nightclub, at the home of friends, or in a public square, chugging down that Catalan champagne and awaiting midnight when everyone must eat one grape with each of the twelve strokes of the clock to ensure luck and happiness in the New Year.

Finally, January 6, or Epiphany, rolls around. The night before the Three Kings parade through the cities and villages before visiting the homes of children with their gifts, which are opened the next day. After two straight weeks of holidays, constant partying, and massive indulging, even the fiesta-loving Spaniards are ready to call it quits, at least until next year.

—Benjamin Jones

## DUBLIN

### A LIGHT FOR THE DIASPORA

**W**hen Mary Robinson became president of Ireland six years ago, she placed a constantly burning light in a central window of her official residence overlooking Dublin’s Phoenix Park.

That light is a beacon—a guiding welcome for the millions of emigrant Irish men and women scattered throughout the world. It was and is a thoughtful and much-praised gesture of recognition of the far-flung Irish diaspora.

But the light in the window (usually a

lighted candle) has a wider symbolic place in Irish life—particularly on Christmas Eve and significantly and graphically in the rural areas of the predominantly Roman Catholic country. In the Irish language *An Coinneal Mór na Nollag* (The Christmas Candle) acts as a joyous memory of the last part of Mary and Joseph's journey to Bethlehem and the birth of Jesus.

On Christmas Eve, lights flicker from farmhouses and cottages throughout the Irish countryside, piercing the darkness like stars. Of course, there are similar lights in the cities and towns, but their impact is not quite the same.

When did the tradition start? No one appears quite sure. The early Christians disagreed so much over when to celebrate the actual date of the birth of Jesus that Pope Julius I decided it would be on the same date each year—December 25.

However, between the coming to Ireland of St. Patrick and Christianity in the 5th century, there is little mention of Christmas until the arrival of the English Queen Elizabeth's military adventurers in the 16th century.

From then on, the Christmas period has been celebrated with enthusiasm. The feast has also inspired scores of Irish writers to commemorate the event—from James Joyce, Sean O'Casey, and Frank O'Connor to Patrick Kavanagh, Maeve Binchy, and Seamus Heaney.

One of the few Irish literary figures to disagree was apparently George Bernard Shaw. On December 20, 1893, in *No Music at Christmas*, he grumpily recorded: "Like all intelligent people, I greatly dislike Christmas...it is really an atrocious institution."

Shaw's objections? "We must be gluttonous because it is Christmas. We must be drunken because it is Christmas. We must be insincerely generous; we must buy things that nobody wants and give them to people we don't like; we must go to absurd entertainments that make even little children satirical; we must writhe under venal officiousness from legions of free-booters, all because it is Christmas."

We should all be grateful that Shaw isn't around more than a century later to observe today's commercialism.

That first Christmas card (said to have been designed in London and sent by Sir Henry Cole in 1846), the arrival of the postal service, and changes in color printing (which extended the popularity of Christmas greetings), must have been anathema to Shaw.

Shaw's carping apart, the large body of Irish opinion still regards Christmas as a time to welcome home family and friends, to overindulge in food and alcoholic beverages, to celebrate the passing of the winter solstice (December 21) and the promise of longer and warmer days and the coming of spring on the horizon.

It is also a time for bringing out the holly and ivy, the fairy lights and colorful ribbons that adorn the family Christmas tree (usually of the fir family).

On Christmas Eve (and despite a dramatic decrease in churchgoing throughout Ireland), all the churches record huge attendances for midnight masses and other special services.

In Dublin's large St. Patrick's Cathedral (the longest church in the country) the Protestant Church of Ireland is always packed for its traditional service of *Nine Lessons and Carols*, an ecumenical service that attracts hundreds of Roman Catholics.

After morning church services, Christmas Day is "Family Day," the time for exchanging and opening the presents brought by Santa Claus and Rudolf, his red-nosed reindeer.

Present opening completed, it's then

time to sit down to meals of turkey or goose, spiced beef, generous helpings of bread stuffing, potatoes, and other seasonal vegetables—followed by a soggy and generally indigestible fruit concoction known as Christmas pudding.

Plus, of course, generous libations of wines, spirits, and other beverages.

Christmas Day is a day for the home: the following day is St. Stephen's Day or the Wran's Day. This is the day to recover from the previous day's excesses—and for thousands of masked youngsters to take part in visits to neighbors' houses, dressed in old clothes and singing, dancing, and playing music.

They are usually given money or some other small reward for their endeavors—but only after chanting a little verse: *The wran, the wran, the king of all birds/On St. Stephen's Day he was caught in the furze/So out with the fiddle and up with the drum/And give us a penny to bury the wran.*

As the day ends and bedtime approaches, the head of the household traditionally offers a wish in the Irish language: *Go mbeirimid beo ag an am seo arís.* (May we be all alive to see this day next year.)

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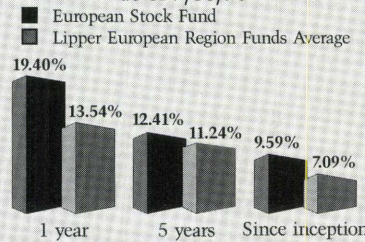
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It's also my wish to each and every one of you.

—Mike Burns

## PARIS

## LITTLE SAINTS

Scale models of the Nativity, with figurines of the holy family, the three wise men, and an assortment of shepherds, angels, and animals, are not an uncommon sight at Christmas. But only in southern France, in Provence, do the crèches give the impression that Baby Jesus had a good time on his birthday, with hundreds of visitors bringing him presents.

The reason for this is that the *santons*, the hand-crafted "little saints" made of clay, have been a regional Christmas tradition since the end of the 18th century and have become such a popular collector's item that they long ago burst the ranks of religious symbolism. Instead of just representing Baby Jesus and usual entourage in the stable, santons now come from all walks of Provençal life and include tradi-

tional tradespeople such as olive pickers, flower sellers, basket weavers, and fish-mongers—a host of colorful characters, dressed in authentic costumes. The gifts they bring to the Christ child are not exotic offerings like the gold, frankincense, and myrrh of the three Magi. They are homespun, home-grown products and produce, ranging from strings of garlic, olives, and ham, to wool, socks, and flowers.

Santons first became part of family Christmas celebrations in Provence in 1789, at the time of the French Revolution, when midnight mass was forbidden. Deprived of the crèche at church, families started making their own versions at home. They gathered moss, twigs, and stones for a rustic backdrop and bought crude santons to create a still-life of the Nativity.

The first santon maker to regularly use clay for his creations was Jean-Louis Lagnel of Marseille. He also started the practice of using molds and producing non-religious figures. Many of them were modeled on the village characters of the *Pastorale*, a Provençal Nativity play. By the end of the 19th century, favorites like Bar-

toumieu, the tipsy innkeeper with a dried cod in his hand, and Tambourinaire, a musician carrying a tambourine and a flute, were as familiar a sight around the manger as the shepherds.

New santon models are still being created every year, and they are still entirely handmade, even those from the workshops of the biggest Marseille producer, Marcel Carbonel, who has a catalog of some 750 different models.

A santon is first sculpted in clay, and a plaster mold is then made from this prototype. The master mold can be used to produce about 1,000 santons before it wears out. Each santon is finished off by hand after coming out of the mold, dried in the open air for several days, and fired in a kiln. After that, it is hand-painted, traditionally with water colors that the best santon makers mix themselves.

Santons vary in size from one inch to just more than six, but the most popular model is just less than three inches tall. In spite of their diminutive proportions, no details of their costumes are omitted, right down to the buttons and braiding on the men's waistcoats and the flowered prints

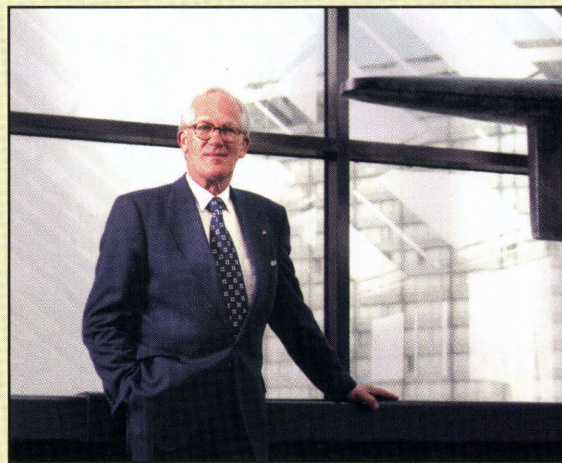
## NEWSMAKERS

**Jan Timmer**, the baker's son who rescued the Dutch electronics giant Philips from near bankruptcy, retired in October after six years as chairman and a total of 44 years with the company. He was known for his eye-catching collection of suspenders and for his less endearing habit of making drastic cutbacks—a measure that earned him the nickname "the Butcher."

But no cutting remarks were made at either his public or private farewell party. At the official send-off, Timmer was decorated by Prime Minister **Wim Kok** as Commander of the Order of the Dutch Lion, one of the country's highest honors. At the private bash, British singer Elton John, who records for the Philips subsidiary Polygram, gave Timmer and his guests a sneak performance of a new single about to be released this month.

A grocer's son will succeed Timmer as chairman of Philips. **Cor Boonstra**, 57, is the first outsider in the company's history to assume the leadership. He joined Philips last year as head of the lighting division, after having been in the

second position on the board of the Sara Lee Corporation. Known for his aggressive management style,



**Philips new boss: Cor Boonstra**

unbending personnel policy, and tough cost controls, Boonstra is likely to earn his own colorful nickname before long.

• • •

Former three-time world champion racing driver **Jackie Stewart** has moved from Switzerland back to England to lead a new, state-of-the-art Formula One team called Stewart-Ford Grand Prix. Managed by Stewart's son **Paul**, it has the

support of one of the biggest car companies in the world and is being sponsored by the Hong Kong and Shanghai Banking Corporation (HSBC) to the tune of \$25 million over the next five years. The team is currently busy working on the car, which is to be launched in December, and hopes to begin the year with three cars in each race, increasing to four from next May's Monaco Grand Prix onward.

**Martin Whitaker**, 37, director of Ford Motorsport Europe, a former journalist and public relations specialist who moved up quickly through the ranks into his top position, expects great things from the partnership with Stewart. "I am hoping that the Stewart-Ford Grand Prix alliance will stimulate the start of the new era for Ford that will replace the old one, which people are always recalling with pride, with a new heritage."

The fledgling team has apparently signed up Danish driver **Jan Magnussen**, 23, for its debut season, although no official announcement confirming the lineup will be made until December at the earliest. "He's the best Formula Three driver I have ever seen—including Ayr-



of the women's shawls.

Marseille, which is the santon capital of Provence, held its first santon fair in 1803, and by 1897 the fair had become an annual event. It still takes place every year from the last week of November until New Year's Eve and attracts avid collectors not just from all over France, but from as far away as Belgium, Switzerland, and Germany.

The 40 santon makers who sell their little clay people there each have a style of their own—a certain painting technique or way with colors that real aficionados can instantly recognize. A Carbonel peasant woman selling snails looks distinctly different from the same figure done by Jacques Flore, another of Marseille's top santon makers, even though both carry a ladle in one hand, a pot full of snails in the other, and are wearing a red flowered shawl.

Most French families tend to find one santon maker they like and build up a collection of his creations for their crèche, which they keep adding to and hand down from one generation to the next. It is a heartwarming tradition, which means that the Baby Jesus is surrounded by a bigger crowd of local well-wishers each Christ-

mas, and it is easy to get the impression that he was *really* born in Provence.

—Ester Laushway

## COPENHAGEN

### SOCIAL EVENT OF THE YEAR

The Danes are not noted for their church attendance. Some churches in the center of Copenhagen have only a handful of parishioners present on a regular Sunday, and in many more populated suburbs the picture is no different. But on Christmas Eve the churches are full, and many have several services to meet popular demand. It is an integral part of a longtime pattern of behavior.

Most Danes belong to the state church, and pay a special tax, but services are not for members only. On Christmas Eve the non-believers flock to hear the sermon because on that day it is as much a social event as a religious service. Special attention is paid to children in the choice of hymns, as their presence in church in the afternoon typically allows the mother to prepare the Christ-

mas Eve dinner without the interference of her impatient offspring.

In families with children, the dinner is served early, usually around six o'clock. Roast pork competes with duck, and lately turkey, as the main course. By tradition, the first present is given to the person who finds and shows an almond hidden in the staple dessert, which is rice pudding. Caring mothers with several children skillfully manipulate the almond to the youngest child with the least understanding of the unjust laws of probability. Alternatively, the number of almonds matches the number of children, eliminating any threat to sibling solidarity.

Shortly after the dinner, the father will typically excuse himself and light the candles on the Christmas tree in another room. All Christmas presents would earlier have been placed under the tree. In recent years live trees planted in large pots have started to make an appearance, but the vast majority have been cut down in specially planted forests. From early November, Danish Christmas trees become an increasingly important export

ton Senna," says the senior Stewart. It remains to be seen whether Magnussen has the commitment to also be a top-notch Formula One driver, which Stewart says demands a lot of discipline and dedication.

•••

After having fought long and hard to be granted operating rights for his "water taxi" on the canals of Amsterdam, Dutch businessman **Karel Lovers**, 48, is fighting his way through Dutch red tape on solid ground. Together with his partner **Peter Sul**, 39, Lovers is trying to set up an independent rail company.

This summer the duo already provided competition for the Dutch Railways by running a "Beach Express" between Amsterdam and the coast. The train, which consisted of antiquated Belgian rolling stock, ambled along on rusty tracks at anything but express speed, but its operators reckon that the passengers enjoyed the ride.

Now Lovers and Sul have filed an application to run four year-round lines across the Netherlands, with cheaper tickets and better service than the state railway. They plan to start operating in June 1997 and hope to break even within a year.

•••

The only major title that still eludes Spanish world cycling champion **Miguel Indurain** is the Tour of Spain. It will have to wait. This year the five-time consecutive winner of the Tour de France could not cope with the relentless pressure of his adoring public and his team, and he withdrew from the race.

Recognized as one of this century's greatest athletes, Indurain has been driven to exhaustion by the expectations heaped on him. After having failed to win the Tour de France a sixth time, he rode off with a gold medal in the time-trials of the Atlanta Summer Olympics and returned home, hoping for a well-earned rest. But he was given no reprieve and was pressured into entering the Tour of Spain.

The "Indurain mania," which has suffocating hordes of admirers closing in on him at every turn, proved too much of a strain. Indurain bowed out, and his legions of Spanish fans now regret having pushed him so hard. But he will be back. "I'm still alive," he says. "Some people want to bury me without asking me first."

•••

British author **Salmon Rushdie**, still living in seclusion because of the *fatwa* pronounced against him in 1989 by the Aya-

tollah Khomeyni, has not let the death sentence silence him. He is to share the \$25,000 Aristeion Prize, the European Union's award for literature, for his novel *The Moor's Last Sigh*, with Austrian author Christoph Ransmayr, for his short story, "Morbus Kitahara."

•••

How many books have you reduced to a sodden mass by reading them in the bathtub? Help is at hand. James von Leyden, 40, a British copywriter, and Mark Greaves, an old friend from Oxford University, have developed a waterproof book for adults. Inspired by the indestructible books children can take into the tub, these "Bathtime Classics" are made from waterproof, tear-proof, and heat-resistant paper, which means they will survive soakings, saunas, saltwater, and suntan lotion. Early examples produced by the Rubber Duck Publishing company, which the inventive pair started a year and a half ago, look like ordinary paperbacks but weigh slightly more and will retail at around \$15. Titles will include classics like Emily Bronte's *Wuthering Heights*, and—for those who want to build up their biceps in the bath—a submersible edition of *War and Peace*.

—Ester Laushway

commodity, especially to Germany, which is where the Danish got their tradition of communal family dancing and singing around the Christmas tree.

After singing the required number of carols, normally four to five, the children are unleashed and make a beeline for their presents. Christmas Eve is the night of family reunions and mending of emotional fences, and even the youngest of children are usually permitted to stay up very late. Drinking is moderate. Christmas Day has few rituals. All gifts having been given on the night before. Children tend to regard the morning as a non-event, and they tend to sleep late. So do adults, but they wake up for a late brunch.

The original function of this event was to allow guests to help eat any food left over from Christmas Eve. But now it has developed into a major smorgasbord with rich food, which is washed down with beer and *akvavit*, the clear Danish spirits often called *Red Aalborg*, red being the color of the margin of the label and the Maltese cross used as brand identification, Aalborg the name of the town where the alcohol is produced. Vast quantities of food and drink are usually consumed, sometimes sparking family feuds that endure until the pacifying impact of the following Christmas.

—Leif Beck Fallesen

## BERLIN

### OLD WORLD CHARM

The US has its Thanksgiving, Greece its Easter Festival, we in Germany have, above all else, *Weihnachten* (Christmas). Every German understands that the time of *Oktoberfest* (beer festival) and the time of *Carnival* (or *Fasching* in southern Germany) are times of gaiety. *Weihnachten*, on the other hand, is a quiet and reflective family holiday.

Many features of our modern Christmas derive from the post-medieval era. In a copper engraving by Lucas Cranach (1509), we find the first documented evidence of a decorated Christmas tree. The evergreen *tanne* (pine) represents the living tree—a Germanic myth. Since about 1800, Christmas trees were popular with the upper classes and became a common custom only in the 19th century.

Christmas is a feast of peace. Presents, too, are symbols of peace according to the French sociologist Marcel Mauss. Until the Reformation, gifts were exchanged on December 6, St. Nicolas Day. Nicolas was a charitable 4th century bishop who had a soft spot for children.



German woodcut depicting the cutting of a *tanne*, circa 1479.

Although the *Bescharung* (exchange of gifts) has been moved to Christmas Eve, on Nicolas Day German children still find little presents in their shoes or boots, which they leave out the night before. In some regions, St. Nicolas, wearing a bishop's robe and accompanied by Knecht Ruprecht, hands out bundles of twigs to naughty children, while good children receive presents and their good actions are noted down in a large book to be rewarded on Christmas Eve.

Preparations for Christmas Eve begin early in Germany. The brown dough for *lebkuchen* (ginger bread), which needs a long time to mature, is prepared as soon as the leaves begin to fall. Soon after comes the dough for the obligatory *christollen*—made in the image of a babe in swaddling clothes. Only the wafer of the Eucharist, representing the body of Christ, is more abstract than *christollen*.

Then comes the *Adventszeit*: the four Sundays before December 25 are celebrated in quiet preparation for Christmas Eve. An *adventskranz*, or evergreen wreath, is traditionally decorated with four red candles—red, because it is the color of joy. A candle is lit for each Sun-

day, and when friends and family gather for tea, coffee, or hot spiced wine, it is the pride of every good housewife to offer homemade *christollen* and cookies.

The richness of symbols, which is only partially of Christian origin, is good business. The shopping districts of German towns are richly decorated with Christmas trees and twinkling stars, and there is the *Christkindlmarkt*, the traditional Christmas market, which is erected in the town square in almost every city in Germany. There are plenty of rides and amusements for the kids, and scores of booths sell toys, Christmas decorations, elaborate candles, and handicrafts. The air is filled with the smell of cookies, hot punch, steaming sausages, and roasted almonds. Yes, Christmas has been commercialized in Germany, too. But, somehow, despite these unavoidable signs of “modernization,” there is still a certain romantic charm here, and a bit of Old World flavor to the German Christmas season.

—Wanda Menke-Glückert

## STOCKHOLM

### A DISNEY CHRISTMAS

Times change and so do traditions. As cultures from different parts of the world merge, some unlikely combinations emerge. One example is a Swedish Christmas tradition that has made cultural traditionalists cringe for 30 years now.

At three o'clock in the afternoon every Christmas Eve, after a good lunch but before the distribution of presents begins, the whole family gathers in front of the television set to watch—Disney cartoons? You know, the Christmas special hosted by Jiminy Cricket.

The Disney journey begins with a visit to the factory of Santa Claus and his elves, where all the presents are made. It continues with a visit to the South American jungle where Donald Duck is bird-watching. With various stops to many of the most successful Disney feature films, it often also includes a promotion clip from the most recent one. (*Pocahontas* made an appearance last year, as I recall). Ending with the cricket singing “When You Wish Upon a Star” in a duet

with the Swedish co-host, the family then goes back to the traditional eating, drinking, and opening of presents.

This Disney tradition is brilliant business, of course, but the Swedes have truly taken it to heart. In fact, for many Swedish children, this may be their first encounter with the well-known Disney characters.

Year after year, through my childhood and teens, through military service, college, and professional life, whenever Christmas was spent with the family, that time was always a sacred one. And I usually don't even like television cartoons!

But what on earth, you might ask, possessed a Swedish television executive to choose to air an American Christmas cartoon to entertain the Swedish people? The answer is—I don't know. (This happened before I was born.) In fact, for a media establishment partly controlled by many of those who stood on the "anti-imperialist" barricades in 1968, the debate about this Hollywood intrusion into one of the most important days of the Swedish year has been strangely lacking.

This is, perhaps, a healthy sign that Swedes are confident enough in themselves to not waste time squabbling over a foreign duck here or a mouse there. Imagine Donald Duck stealing the Christmas show in countries with a more protectionist attitude toward television.

And so the Swedes will stay tuned—December 24 at 3 pm.

—Jonas Weiss

## ROME

### CHRISTMAS FISH

To eat a lot and to eat well. Let's face it, at Christmastime, Catholic Italy respects its religious traditions. Midnight Mass on Christmas Eve is a rite that very few renounce. The strong papacy of John Paul II has in fact renewed this tradition's spirit of vigor. But, as in all festivities, the religious aspect is joined by the worldly and convivial one. Gift-giving is an important part of the celebration, but it is probably not as important as food.

On Christmas Eve families reunite to eat. Even cousins, aunts, and uncles who are ignored the rest of the year are invited. Though each of the 20 Italian regions has its own food specialties, one single proverb unites the entire country on this occasion: "Christmas with your family, Easter with whomever you want."

Actually, there is another characteris-

tic that unites northern, central, and southern Italy. The super-abundant dinner served on Christmas Eve is modestly known as "lean-meal dinner" because Christmas should be a moment of prayer and anticipation that should not be coupled with worldly elements like good eating.

But what exactly does "lean-meal dinner" mean? In Italy, meat has historically been considered expensive food and therefore limited to the prosperous. Now most Italian households consume meat almost every day. So, how can one show penitence and proper devotion at Christmas? By eating fish, of course, which was once considered a poor food almost anyone could afford in a country with a long coastline and seas full of them.

Today the situation has been turned around. Fish from the Mediterranean Sea, whose waters are rapidly becoming impoverished, are now very expensive. But traditions must be kept. And the so-called "lean-meal dinner," which almost always begins with huge appetizers of salami and prosciutto and is followed by

succulent pasta first courses, has its culminating culinary moment in a fish main course. Nowadays "foreign fish" have found their way to Christmas tables; salmon, for example, abounds. But especially in families where there is still a grandmother or a mother who knows how to cook the old-fashioned way, there is at least one of the traditional recipes. In Tuscany, for example, *ceci e baccala* (chick peas and dried salted cod) are a must.

Probably the city and the region where the big Christmas Eve dinner reaches its maximum glory are Naples and Campania. Here the obligatory Christmas fish is eel, the so-called *capi-tone*. Even today the poorest families are willing to go into debt to order one of these eels, which are quite tasty but very greasy and hard to digest. Fish markets usually sell the eels still wriggling. Cooks kill the eels themselves and prepare them according to their personal and often secret recipe. Then, come midnight, families go to church.

—Niccolò d'Aquino

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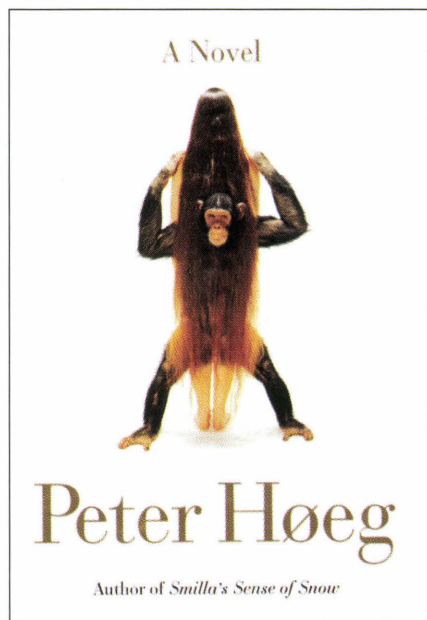
By Peter Høeg; Farrar Straus Giroux; 261 pages; \$23

Danish author Peter Høeg is starting to enjoy a success story somewhat similar to that of John Grisham. Høeg's previous bestseller *Smilla's Sense of Snow* was chosen by *Time* and *Entertainment Weekly* as the best novel of 1993 and will flash onto movie screens next spring in a production directed by Oscar winner Bille August and starring Julia Ormond and Gabriel Byrne.

With his latest book, *The Woman and the Ape*, Høeg again shows his extraordinary sense for the unusual. What other author would come up with a story about a beautiful but alcoholic woman, Madeleine, who falls in love with an ape (albeit a highly intelligent ape)?

Madeleine lives in London with her husband, behavioral scientist Adam Burden. The center of her existence is her need for alcohol, but when her husband brings a highly intelligent anthropoid ape into their home, something about the ape moves Madeleine. The ape, named Erasmus, was illegally smuggled into London to undergo the kind of extensive scientific testing that would draw virulent protests from animal activists. Madeleine decides her mission will be to save Erasmus, and in the process, she falls in love.

But *The Woman and the Ape* is not simply one story; it's many. Written as a modern fable, Høeg asks the reader to consider exactly where the border lies between human and animal and what gives one species the right to prey upon another? Beyond that it's also a story about a woman trapped in alcoholism, who, through finding a meaningful cause, realizes that the world is so much bigger than her own misery and gains the strength to change. In a philosophical sense, the novel challenges the reader's perception of reality: Does



cause and effect completely explain human behavior, or is there a free will?

Unusual is indeed a fitting adjective to describe Peter Høeg's writing. He is certainly an author who believes in causes, as is evidenced by his decision to donate his profits from the worldwide sale of *The Woman and the Ape* to the Lolwe Foundation, which he established to provide aid to women and children in the developing world.

—Peter Onnestam

### Sophie's World

By Jostein Gaarder; Berkley Books; 672 pages; \$7

In his first book to be translated into the English language, Norwegian Jostein Gaarder presents us not only with a comprehensive guide to philosophy but also a fascinating mystery story. The background and key points to every philosophical argument are thoroughly explained, and there is just enough intrigue to ensure that the pages keep turning.

The plot revolves around Sophie Amundsen, a 14 year old schoolgirl from Norway, who returns home from school one day to find two letters addressed to her. Each letter contains a single ques-

tion. The first asks, "Who are you?" and the second, "Where do you come from?" And so begins a correspondence course between Sophie and Alberto Knox, Sophie's own personal philosophy tutor. Initially, through a series of letters, and eventually in person, Sophie and Alberto journey together from the ancient myths to the present day, taking in and investigating major philosophers and theories along the way, and not without a little scorn for the new age and alternative philosophies of today. Indeed, so much is covered with such clarity and conciseness that it is difficult to pick out highlights. It all makes pleasurable reading.

A trace of mystery appears early on in the book when, on the same day that Sophie receives her first two letters, she also finds a postcard addressed to a Hilde Møller Knag, wishing her a happy birthday. The card has been sent by Hilde's father, a major in a UN battalion, currently serving in Lebanon. As time goes on, Sophie receives more and more cryptic cards and stumbles upon a number of Hilde's possessions. Gradually, the major's presence becomes increasingly threatening as he subjects the tutor and pupil to a number of magical tricks and appears to penetrate their world against their will. As a result, the task of finding Hilde becomes increasingly important, as does the task of finishing the philosophy course before Hilde's birthday. If, at first, some of the more fantastic elements of the book leave you with an inkling of disbelief, then I can assure you that all is suddenly revealed and, with that revelation, the fantastic makes perfect sense.

Upon completion of *Sophie's World*, I could only marvel at Gaarder's achievement. The sheer breadth of material covered is breathtaking and to summarize the history of philosophy into one small volume that is both easy to read and interesting is an extraordinary accomplishment. The joy of *Sophie's World* certainly lies in its lucid narrative. This coupled with the hint of suspense and some brief outings into a fantasy world combine to

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create an enchanting read that has little trouble absorbing and delighting the reader at every turn.

—Claire Bose

### How the Irish Saved Civilization

By Thomas Cahill; Doubleday; 256 pages; \$13

**H**ow the Irish Saved Civilization is a hugely entertaining book, tracing history from the Fall of Rome in approximately 410 A.D. to the rise of Charlemagne some four centuries later. Cahill comes to his point early on, "Without the Mission of the Irish Monks...the world that came after them would have been an entirely different one—a world without books." Immediately the reader is hooked, for anyone even just browsing must have some appreciation for the importance of literature.

Setting the scene well, the focus is initially on the rise of the Roman Empire, with special emphasis on the importance of literature and learning. With the sacking of Rome, chaos returns to the once ordered city; scant attention is paid to the libraries that once played such an im-

portant role in Roman society, and there appears little need for copying books and preserving literature.

Cahill turns to Ireland, an unconquered isle of which little is known, and relates the story of St. Patrick, a Roman Briton captured by the Celts to be a shepherd, who turns to prayer as a means of enduring his harsh environment. After a vision, he leaves Ireland but returns later as a missionary to introduce Christianity; his task made easier by the fact that Celtic lore and mythology dictates that theirs is a holy world. In an effort to create peaceful martyrs, early converts go off to the hills to commune with God. However, as we all know, the Irish are not solitary folk, but great communicators with generous hospitality. All are welcomed and eventually early settlements evolve, places of learning where scribes copy not only the word of God, but also Greek and Latin literature and, of course, Irish folklore. From these early monastic centers came the beautiful codices so admired today, the most famous being the *Book of Kells*, now held in Dublin's Trinity Library.

Gradually monks leave Ireland, to

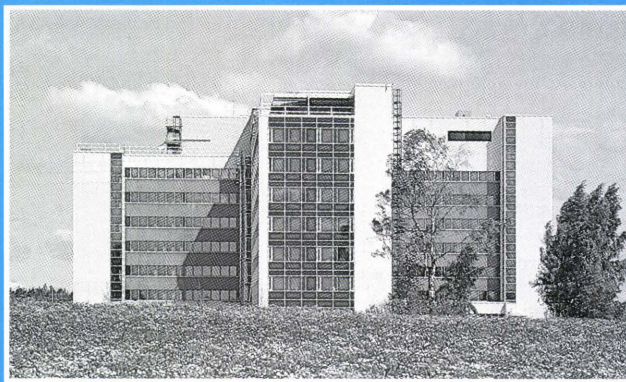
carry the word of God to continental Europe and, thanks to their charm and peaceful nature, there is little difficulty in establishing monasteries overseas. This, in effect, is how the Irish saved civilization, by reviving the lust for learning that had fallen with Rome.

Cahill presents an inspiring history, joining the classics with mythology to provide a delightful read, which will undoubtedly bring joy to every reader.

—Claire Bose

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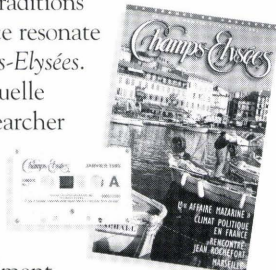
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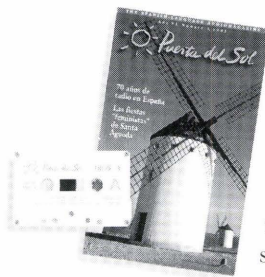
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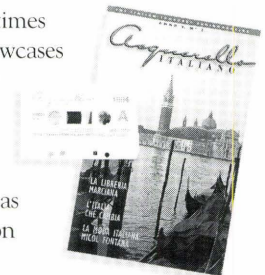


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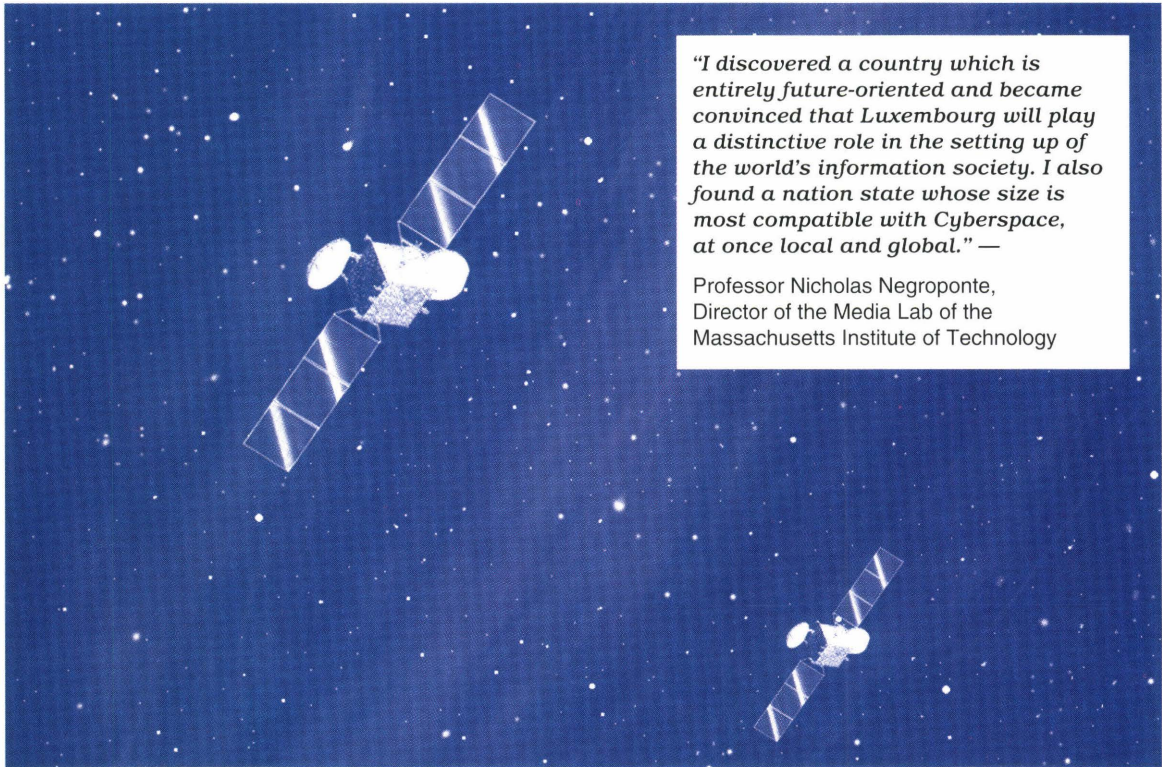
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