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EUROPE

MAGAZINE OF THE EUROPEAN COMMUNITY



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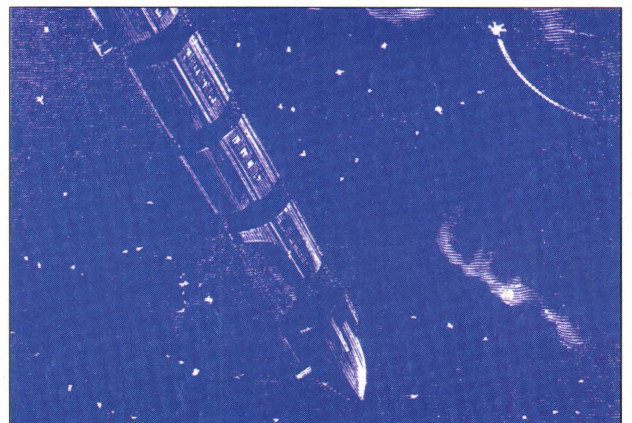
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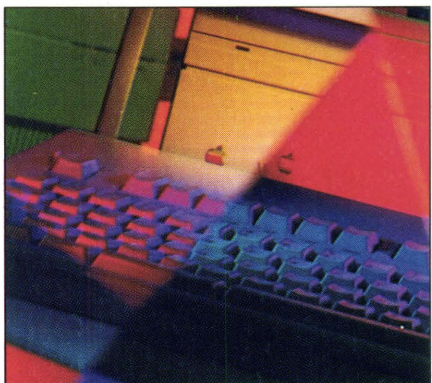
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Letter From the Editor

The face of Germany is changing. Even though Germany has been experiencing strikes, has a budget deficit, has the massive costs of unification, and has seen the appointment of a new foreign minister and a new economics minister in the last few months, the German economy remains one of the strongest economies in the world, and the German mark continues to be one of the leading currencies in Europe.

Kurt Biedenkopf, the minister president of Saxony (one of the five eastern *Länder* or States incorporated into unified Germany) talks in an exclusive *EUROPE* interview about the problems of unification, unemployment, and investment in the former East Germany and about the growth of small and medium businesses throughout Saxony.

Wanda Menke-Glückert, our correspondent in Germany, reports on the effects of unification and the mood of the country at the present time. Although there is unease over the vast changes that have taken place since 1989, Germans appear to have an overall feeling of optimism about their future.

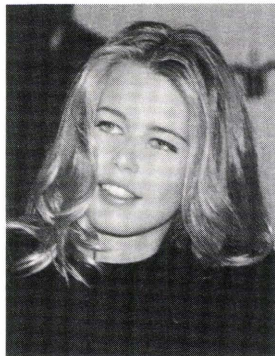
Carola Kaps, a Washington-based reporter for the *Frankfurter Allgemeine Zeitung*, analyzes German-U.S. relations since the end of the cold war. New issues are arising as "the common security issues have lost their importance as the overriding principle governing the German-U.S. relationship." Kaps looks at these new issues in her article.

Claudia Schiffer, an international fashion model and one of the best-known Germans in the world today, typifies the new face of Germany. *EUROPE* looks at Ms. Schiffer's successful modeling career and profiles Germany's new foreign minister, Klaus Kinkel in "Around Germany."

Axel Krause, author of *Inside the New Europe* and a veteran reporter with the *International Herald Tribune*, and Martin Walker, Washington bureau chief of *The Guardian*, gaze into their crystal balls and look at how Europe might be in the year 2000. Also, Jacques Delors, Helmut Kohl, François Mitterrand, and John Major give their views of how Europe will have changed by the beginning of the next century.

EUROPE profiles the Economic Summit in Munich and takes our readers behind the scenes to meet the key players on the international economic landscape.

The Danes said no to Maastricht and *EUROPE's* correspondent in Copenhagen, Leif Beck Fallesen explains the reasons behind this vote and talks about the future of Denmark in the European Community.



German model Claudia Schiffer has appeared on over 140 magazine covers worldwide.

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The Magazine Group, Inc.

EUROPE, Magazine of the European Community (ISSN 0191-4545), is published by the Delegation of the Commission of the European Communities, 2100 M Street, NW, Suite 700, Washington, DC 20037. © The Commission of the European Communities, 1992. The magazine encourages reproduction of its contents, but any such reproduction without permission is prohibited. *EUROPE*, published 10 times per year, is available by subscription for \$19.95 per year; \$34.95 for 2 years; \$46.95 for three years. Add \$10.00 to non-U.S. subscriptions for postage and handling. Student rate (with proof of enrollment): \$14.95 per year; \$25.95 for 2 years; \$35.95 for 3 years. Bulk rate also available. **Editorial, permissions, advertising, and circulation offices:** 2100 M Street, NW, Suite 700, Washington, DC 20037. Available in microform from UMI, 300 N. Zeeb Rd., Ann Arbor, MI 48106; (313) 761-4700

Subscriber services: 1-800-627-7961.

Second class postage paid at Washington, DC.

Postmaster: Please send change of address forms to *EUROPE*, P.O. Box 2115, Knoxville, IA 50197-2115

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

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

E U R O S C E N E

What They Said

"Can anyone seriously believe that our small nation with 5 million people can stop the great Europe Express of 300 million people?"

—Poul Schlüter, Danish Prime Minister, speaking after a national referendum in which Danes voted against approving the Maastricht Treaty.

"It is clear that the greater and the more integrated the Community is, the smaller the influence will be of the larger states."

—Henning Christophersen, E.C. Commission Vice-President.

"There is a big change in Ireland. Priests don't have the influence they used to. Particularly in the bedroom."

—Maureen Casey and Mary Killeen, Irish homemakers, on the resurgence of the abortion issue in Ireland.

"I still think we'll see the full provisions of the Maastricht treaty carried into law. We'll use our presidency to try to bring Europe together."

—John Major, British Prime Minister, speculating on the U.K.'s upcoming, six-month presidency of the European Community.

"There will be no more lies—ever."

—Boris Yeltsin, Russian President, speaking to U.S. Congress.

"Negotiators are in the same situation as mountaineers who are climbing to the top of Mount Everest. They can see the last 200 meters which

separate them from their goal, but they also need a lot of courage and strength to cover this last bit, given the lack of oxygen."

—Arthur Dunkel, Director General of GATT, speaking at the E.C.-Japan-U.S. Journalists' Conference in Estoril, Portugal.

"I think the women of the world are already ecologically sensitive, actually I think sometimes the problem is the men."

—Andrew Steer, author of the World Bank report, Development and the Environment.

Wanted In the U.K.

John DeLorean's name has again popped into the news with the British government's recent decision to issue a warrant for his arrest. DeLorean made headlines in the United States when he faced charges that he had traded stocks for cocaine in an effort to raise cash for his flagging car company. He was, however, found to have been a victim of police entrapment and was acquitted.

Now the troubled car maker is accused of embezzling some \$31 million from his own company. These funds are said to have been part of \$140 million, invested by the British government. The investment was part of a deal that helped DeLorean establish his production facilities in Belfast, Northern Ireland. He has already been acquitted of a similar embezzlement charge in the United States.

The British government, however, has anxiously awaited an opportunity to bring him to trial. In May, DeLorean's partner, Fred Bushell, a former Lotus Car Company chief, admitted to conspiring with DeLorean to defraud the now defunct DeLorean Corporation of \$31 million.

Due to the statute of limitations on fraud in the United Kingdom, the Royal Ulster Constabulary will be unable to extradite him. DeLorean will remain a free man unless he enters the United Kingdom.

Europe's Car Population

	private cars	private cars (per 1,000 inhabitants)	population
Germany	29,755,000	479	79,070,000
France	26,684,000	475	56,184,000
Italy	24,320,000	424	57,657,000
United Kingdom	20,925,000	366	57,121,000
Spain	11,468,000	295	39,623,000
Netherlands	5,173,000	350	14,864,000
Belgium	3,736,000	376	9,895,000
Portugal	2,343,000	227	10,528,000
Denmark	1,596,000	311	5,134,000
Greece	1,498,000	149	10,066,000
Ireland	780,000	222	3,557,000
Luxembourg	177,000	470	369,000
E.C.	128,455,000	394	336,158,000
United States	150,508,000	607	248,709,873

Sources: Eurostat Demographic Statistics 1990 and the World Almanac 1992.



Compiled by Saskia Reilly

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Minister President of Saxony

KURT BIEDENKOPF

KURT BIEDENKOPF is minister president of Saxony, one of Germany's five eastern *Länder* (States). The new *Länder*, which include Brandenburg, Mecklenburg-Western Pomerania, Thuringia, Saxony-Anhalt, in addition to Saxony, have a collective population of almost 17 million people. They constitute a well-educated workforce. Already a number of companies from many Western nations have begun to invest in the region, including Procter and Gamble, Philips, and Coca Cola. Biedenkopf is charged with the difficult task of leading Saxony from a socialist economy to a free market system, and in the short time since unification Saxony has shown great promise for economic growth and development.

Before entering politics, Biedenkopf had an illustrious career in academics and business. He held the chair of commercial and labor law at the Ruhr University of Bochum and served on the board of directors of the Henkel company, before becoming a member of the Bundestag for the CDU party.

Wanda Menke-Glückert, *EUROPE's* German correspondent, conducted the interview with President Biedenkopf in Bonn. Biedenkopf speaks out on Saxony's adjustment to the new Germany.

It's been only 18 months since German unification, and we are already noticing remarkable and encouraging signs of recovery in the former East Germany, especially in Saxony. Are these signs only optical illusions of progress?

No, no. For the last 18 months we've observed two contradictory trends. One is the breakdown of the old economic structures and the other is the reconstruction, the building up of a new



economy. New investment and new industrial activities are taking place either in the old industrial sites or, more often than not, outside these industrial sites like Volkswagen and the mail-order house Quelle, among others. We can say that these new investments—which are taking place on both a large and small scale, in small or medium-sized enterprises—are beginning to reach the labor market in East Germany. The labor market is still characterized by very substantial unemployment, even if you take the employment quota we're accustomed to in the West. In East Germany the quota of all employable people with jobs was 92 percent, in West Germany roughly 65 percent. Even if we take the 65 percent quota we still have very substantial unemployment and a very low GNP per capita in comparison to West Germany—about 25 percent of West German GNP per capita right now. This, however, will change as new investment materializes, as jobs and new investments are created. These developments are visible all over the country right now.

A very high proportion of investment is going to Saxony. Can you explain why?

I'm not sure whether that's true. In the old GDR, Saxony had about 40 percent of industrial capacity against roughly 30 percent of the population. So we have to compare current development with what was there before. This is an old industrial area and you would not invest too much in areas that didn't have investment previously. Saxony is a strong industrial center. It's a very small territory, only about 18,000 square kilometers, inhabited by almost five million people.

It has a large concentration of people, which is very attractive to investors. But on the whole, we have the impression that we're not getting much

more of the share of industrial activity than used to be in Saxony, roughly 40 percent.

Speaking about unemployment, you say that it is very high. And yet Saxony has the lowest unemployment rate at 13.8 percent versus 14.7 percent in the other four new Länder.

But that's not the real figure. It's only the registered unemployed. Besides these officially registered unemployed, we also have a lot of people who are not working productively, who are em-

ing off the job, qualification training, job-creating, public works, and layoffs with pay, then we have an unemployment figure of almost 30 percent, or to be precise 28 percent—still the lowest. The average is 31 percent in the former East Germany. Of course, this number represents a tremendous amount of people unemployed and that does not even take into account all those who went into early retirement or left the labor market for good.

How do you expect the labor market to develop in the foreseeable future?

Under socialism, we had what you can term a society in which everybody was supposed to work. Regardless of whether work was productive or not. As a consequence, 92 percent of the employable population actually had a job. Many of them had unproductive jobs, but they were supposed to work. That was part of the communist ideology. Western societies have an efficient labor market. In other words, they try to make very efficient use of human resources and, of course, to combine it with very high capital investment in the working place. The result is that in West Germany the quota of employed people in the employable population is [roughly 65 percent]. This will also happen in the former GDR. In two to three years time our employment quota will be around 62 to 65 percent. It will take a number of years to adjust to the new structures. Practically everybody has to make some adjustments, but we will reduce employment in industrial production and increase employment in service,

crafts, retailing, wholesaling—in all areas that currently are or were underemployed. There are tremendous structural changes going on in the labor market. As a result, we shall hopefully have full employment in three to four years.

In some branches of the industry, there already seems to be a lack of skilled labor.



The five eastern German Länder constitute 17 million people and a well-educated workforce.

employed in public works but only for a certain period of time in what we call "job-creating measures" or "work-creation measures." We have a very sizable number of people off the job in qualification training, as well as a large number of people laidoff who are not formally unemployed because they are still connected to the former enterprise and are being paid during the layoff period. If you put all these together, outside train-

Certainly, because we don't have a labor market. The labor market was unknown in a socialist society. People were assigned their jobs, and that's where they stayed. By contrast, in West Germany, we have mobility in the labor market of around 20 percent—meaning that 20 percent of all those who are employed change their jobs in one year. This flexibility in the labor market leads people to move where they are needed. But in the eastern part of Germany, we still have to develop that market. There are no statistics, no training by the labor offices on how to handle labor markets. All this has to develop, and virtually none of the population has any experience with mobility. They still have to learn how to operate in a Western labor market.

If the market is underdeveloped, its ability to match supply and demand is very much reduced. So you get a lot of supply here and a lot of demand there, but they are not brought together. During the next two years, we will have to organize the labor market. We will have to learn how to make it run more efficiently. This is a tremendous organizational task, and we are right now in the middle of it. I have a bet with the labor unions that in a couple of years, in 1996, we will have a labor shortage all over the place.

According to the latest figures released by your Ministry of Economics, there are encouraging signs of a new foundation of small and medium-sized businesses, which is the backbone of Saxony's economy. Will this positive trend continue?

It's not only the backbone of Saxony but really the backbone of all European industry. Wherever you have a deep structure of big, medium-sized, and small businesses in the right mix you have a very capable and very strong economy. Small business was destroyed by socialist policy. The latest wave of destruction was in the early 1970's, so we have to reconstruct almost everything from scratch. But we are very happy that we have this kind of initiative blossoming. And there's a lot more initiative hidden under the rubbish left behind by the breakdown of the socialist economy than we thought there would be. There is also a lot of willingness to take risks in East Germany. Most of these newly-

founded enterprises are one, two, or three-person enterprises, but they are usually the basis from which future activities will develop. So we are very hopeful that, especially in the area of crafts, we will have substantial additional employment.

Management buy-outs, at first neglected by the Treuhand (privatization agency), have now become an important means of privatization. You are thinking of setting up a "Saxony buy fund" to help management buy-outs. Can you explain how this will work?

We're establishing a privately financed fund for a number of reasons—management buy-out is just one. We have a lot of enterprises in Saxony that we could—by investment, by better management or training—restore to competitiveness or bring to competitiveness in one to three years time.

The Treuhandanstalt, which is the trustee of the federal government, gives us only a limited time span for the restoration of competitiveness. If we want to prolong this time span, we need other sources and the Saxon fund will be one of them. We want private money in [the fund] in order to protect ourselves from the temptation of using only public funds and extending the period of restoration. In other words, we don't want to end up supporting enterprises that are not competitive. We don't want to permanently subsidize businesses, and so we want to try and find private investments. We would like to have private capital because it is the best guarantee that things are done efficiently and that investment of public funds takes place only in such enterprises that have a chance to reach a high level of performance.

Economists expect a growth for eastern Germany of about 12 percent for 1992. What do you expect for Saxony?

Unfortunately, you cannot just predict growth. You have to perform it. We expect between eight and 12 percent. But it is very difficult to make such a prognosis because we have never gone through a situation like this. Just to make sure that not too much enthusiasm results you should bear in mind that if the West German economy

grows by two percent real GNP, the East German economy, with its present state of development, would have to grow eight percent in real terms just to have the same absolute increase in GNP, and it wouldn't even begin to catch up. The distance between the two economies will remain the same. The reason for this is that currently productivity in West Germany is four times that in the former East Germany. So we would need much more than eight percent a year if Germany grows at "only" two percent a year in order to begin to catch up.

My very rough guess is that by the year 2000, East German performance, on the average, will be roughly 60 to 70 percent the performance of the West. We would have caught up, and it would be a magnificent accomplishment if we achieved that. Of course, the level of performance will be unequal among the eastern German states: Mecklenburg-Vorpommern will be slower than Saxony, Berlin will be as fast as Saxony because of the concentration of resources in the new capital. The surrounding areas around Berlin—within a 50 to 60 kilometer radius—will also perform very well. If we reach 60 to 70 percent of western Germany's GNP per capita, we will have done remarkably well.

Eighty-seven percent of East Germans think very highly of the European Community. Is it because of the E.C.'s assistance to the region?

I don't think the reason is economic. We're all very happy to be back in Europe, in the European Community. For the people of Saxony, this was very important from the very beginning. German unification meant becoming individually and collectively members of the European Community at the same time. It was a tremendous motivation for people in Saxony. They always considered themselves Germans and Europeans. Saxony, which has a 1000-year history as a state, has always been a European state.

How would you describe the Saxon industry? Is it now beginning to boom or to bloom?

No, we are far away from booming. It is growing. There are very beautiful blossoms, there is a lot of grass, but there is still a lot of rubble. ☹



THE NEW ERA

Germany

Feels the

Effects of

Reunification

By Wanda Menke-Glückert

For months the doyen of foreign ministers Hans-Dietrich Genscher planned his resignation. When he announced that he would resign on May 17 after 18 years in office, the well-guarded secret caused a sensation both at home and abroad. But the announcement coincided with the beginning of the first nationwide public sector strike in 18 years. Abroad, his resignation and the strike were seen by some as not coincidental, rather the beginning of an economic and political crisis.

“His decision could not but fail to compound the miseries of a government already accused of having lost its way,” commented the *Daily Telegraph* of London. Genscher, who embodied an element of continuity in German politics, resigned at a time when economic vibrations and social tensions were, in the eyes of Germany’s neighbors, endangering the much admired and often envied stability. “The trend toward a consensus on the labor market, which has been a decisive factor of German stability, has collapsed, and Kohl has, no doubt, lost much of his authority,” wrote



Brandenburg, one of the eastern Länder, is led by Premier Manfred Stolpe.

the *Politiken* of Copenhagen.

In his letter of resignation, Genscher pointed out that "Germany's foreign policy direction is clearly set, and the commitment of our foreign policy to Europe is unshakable." But the shaping of the complex international situation since the upheaval of 1989 is only just beginning.

The Western alliance is looking for a new role after the cold war; the future relation of the United States with Europe is at stake. The dispute over the Maastricht treaty reveals the difficulties of strengthening the European Community; the debate on the enlargement of the E.C. has only just begun. Whether both processes can be successfully harmonized will depend on how the West Europeans master the political instabilities and economic catastrophes coming from Central and Eastern Europe. After relaxation of the East-West conflict, the relations with the South will gain in importance. This is an area on which Genscher has left very few marks. Thus Wolfgang Bösch, the parliamentary whip of the CSU (Kohl's Bavarian sister party) in Bonn demands a "reorientation of German foreign policy." He points out that "in

But the shaping of the complex international situation since the upheaval of 1989 is only just beginning.

all his 18 years in office Genscher has not once visited Africa."

In the last few years, German foreign policy often caused tensions abroad, making diplomatic interventions necessary. The efforts by Paris and Bonn on common Western European foreign and security policy have evoked mistrust and rejection in Washington and in London. The reconciliatory wording in NATO and E.C. statements and communiqués should not deceive anyone. The dispute is still smoldering.

For historical and geographical reasons, Germany has a different relation with Central and Eastern Europe than the other states of Western Europe.

The example of the Yugoslav policy of the European Community has not only shown that the E.C. members are of different opinions in many areas of foreign policy, but the mistrust of Germany, which came to the surface, is deeply rooted in European history.

In mid-December, when Genscher announced that Bonn would diplomatically recognize Croatia and Slovenia, there was constant talk of Germany jumping the gun and offending the U.N., the United States, and many European governments. "That was the most striking instance of German presumption in foreign policy since reunification in October 1990," the *New York Times* wrote, adding that the style of German politics had become "aggressive and assertive." Some in the Netherlands press criticized Genscher for flexing reunited Germany's muscles abroad and thus forcing other European countries to recognize Croatia and Slovenia.

German unification was first seen by Germany's neighbors as a possible danger—an "economic colossus in the heart of Europe."

The concern now, however, is that Germany's troubles may spill over into

the rest of Europe. It was assumed that German unification costs would be contained within German borders, but to the discomfiture of its partners, Germany's unity-battered economy may no longer be able to play the role of Europe's economic locomotive. The magnitude of the economic problems in the former East Germany were so immense after unification that they threw Kohl's government into a \$27.5 billion deficit and pushed inflation to 4.6 percent. To combat inflationary pressures, the Bundesbank has been forced to raise interest rates to the highest level in postwar Germany. This step, taken for purely domestic reasons, has become a restraining factor on overall European growth. Bundesbank President Helmut Schlesinger warned that high wage demands from the trade unions and the introduction of a one percentage point increase in Germany's VAT tax next January could help fuel even more inflation.

The International Monetary Fund urged Germany to act more quickly to cut its fiscal deficits in order to enable European interest rates to fall. Theo Waigel, Germany's finance minister, promised a "hard-as-nails" finance policy. He is convinced that the central government's deficit can be reduced from \$27.5 billion this year to \$15.5 billion in 1995. But the economic minister, Jürgen Möllemann, said that the deficit could equally rise to \$34 billion over the same period.

The fact that the coffers are empty has not impressed the German trade unions, who have grown accustomed to steadily rising wages. Both Chancellor Kohl and the chairman of his junior coalition partner, Otto Count Lambsdorff, are partly to blame. They kept telling the Germans that tax increases were not necessary to foot the unification bill. But when it dawned on them that unification costs were higher than expected, a 7.5 percent solidarity tax was introduced last June for 12 months. German taxpayers felt that this was a breach of promise and resented it.

When the tariff round began this year, Chancellor Kohl appealed for "reason" from all Germans at a time of heavy debt and high inflation: "It is a simple fact that we cannot live above our means in the long term." This explains why employer negotiators took a tough stance on the wage demands by the public sector unions. But this resulted unfortunately in the longest and



Hans-Dietrich Genscher's decision to resign after 18 years as Germany's foreign minister caused a sensation both at home and abroad.

worst public sector strike in postwar Germany, lasting 11 days. In the end, government negotiators "with a heavy heart" accepted the increase of 5.4 percent recommended earlier by the arbitrator. They could have reached this settlement cheaply, without a strike, people said, and the strikers grumbled that they had won very little. The 5.4 percent increase is now viewed as a basis for settlement of other trade unions demands—a rise fully unacceptable to private sector industry. Entrepreneurs warn that such "unreasonable increases would further weaken the economy and result in dismissals of workers."

"The days of permanent Santa Claus policy are over," says historian Arnulf Baring, and demands "politicians who plausibly explain what is acceptable to

the taxpayer." Many Germans did not really believe the politicians' promise that unification could be accomplished without tax increases. And yet they gave vent to their indignation against the big political parties by voting the extremist parties into the state governments of Baden-Württemberg and Schleswig-Holstein—a shock from which the mainstream parties have not yet recovered.

Another blow came from the Allensbach Opinion Research Institute which revealed that there is a growing unease in the country. If there were national elections now, the two main political parties (the Christian Democrats and the opposition Social Democrats) would be the main losers while the extreme right would gain 8.5 percent, compared with 4.6 percent earlier this year. The number of people who believe that the present government is too weak has doubled both in the East and the West. Germans are worried about unemployment, inflation, recession, the influx of asylum seekers, and crime. Asked whether the situation in Germany gave grounds for anxiety, 74 percent in western Germany and 80 percent in eastern Germany answered a resounding "yes." The comparable figures after the unification in 1990 were 38 percent in the West

and 50 percent in the East. People deplore the lack of firm leadership and are fed up with the established parties.

While the population is demanding a strong government, some politicians (such as Lambsdorff) and commentators feel the coming of a grand coalition and are uncomfortable about that. But the chancellor rejects any such idea by saying that he has a comfortable majority in parliament. He admits that the resignation of Foreign Minister Hans-Dietrich Genscher and the subsequent confusion about his successor have caused "unnecessary turbulences." But the chancellor is urging the German people to "stop lamenting and set to work." ☺

Wanda Menke-Glückert is EUROPE's Bonn correspondent.

PARTNERS IN

By **C a r o l a K a p s**

In preparation of the forthcoming Economic Summit in Munich, it seems appropriate to raise, once again, the question about the status of German-U.S. relations. Given that so much has changed in recent years, this question has become the favorite pastime of German politicians who continue to worry whether "Big Brother" in Washington is still looking approvingly across the Atlantic.

In the aftermath of the collapse of the Soviet empire, the end of the cold war, and German unification, the domestic situation in both the U.S. and Germany has substantially deteriorated. Both countries appear to lack clear leadership and orientation, seem politically paralyzed, and come across as increasingly weak. Germans and Americans are deeply frustrated and dissatisfied with their respective political establishments. Even though the mood seems bleaker than is

**G e r m a n - U . S .
R e l a t i o n s i n a
N e w G l o b a l
S o c i e t y**

warranted by facts and figures, there is clearly a danger that negative perceptions could be translated into rather negative political and economic development in both countries.

Internationally, the common security issues have lost their importance as the overriding principle governing the German-U.S. relationship. As this common bond has disappeared, well-known issues such as interest rates, fiscal policies,

LEADERSHIP

trade relations, and fair competition, which are the bread and butter issues of bilateral relations, appear to dominate the daily exchanges among politicians. As both nations are fighting for market share and jobs, the discussions in these areas tend to be tougher and less forgiving than in security matters. They lack, however, the fateful implications of being united against the menace of a common enemy capable of wiping out the entire planet. These days, the mutual relationship seems to be reduced to dealings between two friendly nations, which quite often have different interests, but are trying conscientiously to balance these interests and minimize frictions.

Despite these developments, German-U.S. relations, at first glance, seem to be excellent, hardly affected by the dramatic changes in the world. German diplomats rave about their truly remarkable working relations and Washington's obvious desire to cooperate and be as closely aligned with Bonn as possible. In their view, the repeated offer by President Bush to become "partners in leadership" should be seen as the most public display of this friendship. The recent visit of German President Richard von Weizsäcker, whose encounters in Washington, Atlanta, Houston, and San Antonio had the joyful character of a family affair, also underlined the basic trust and friendship between the two nations. The same warm appreciation was noticeable in the reaction of Secretary of State James Baker to the resignation of German Foreign Minister Hans-Dietrich Genscher, whom he had come to respect as a trusted member of the Western alliance.

The common security issues have lost their importance as the overriding principle governing the German-U.S. relationship.






And yet, within the Bush administration there is ample proof of irritation with this favored "partner in leadership." It is no secret that the Bush government is deeply disappointed in the German chancellor and his "broken promise" to deliver the French at the Uruguay-Round. The widespread belief in Washington, that the agricultural disputes in the Uruguay Round could have long been resolved if Europe still depended on the nuclear umbrella of the U.S., reinforces the U.S. impression that the Europeans (Germans, in particular) are thankless fellows, trying to take advantage of the weakened state of the sole remaining superpower. German diplomats stress that the U.S. is putting Germany into an impossible situation with the French by failing to understand that Germany cannot be made to choose between France and the United States. Washington, however, appears to be convinced that Germany has already chosen France and Europe over its transatlantic ties with the United States. Germany's determination to include Europe in the concept of "partners in leadership" seems to fit the U.S. perception that Germany's focus is mainly on Europe, while the ties with Washington are becoming increasingly loose. The recent announcement re-

garding the establishment of the German-Franco corps is another point of contention. As much as German politicians are emphasizing their deep and close commitment to NATO as the pillar of the Transatlantic alliance, doubts are growing in Washington about future European intentions and the distinct possibility of a Europe without a place for U.S. participation.

It is certainly true that the undercurrent of Washington's irritation with Germany and German maneuvering within Europe is an outgrowth of the broader irritation with Europe as a whole. The U.S. has always felt somewhat ambiguous toward Europe, regardless of the public offering of strong support for the Community. U.S. politicians often complain that they are left hanging between Brussels and the respective national capitals with neither willing to shoulder responsibility. Nevertheless, in their frustration regarding the unfinished state of Europe, Washington clearly lacks the proper understanding of the peculiar German situation within Europe and toward her neighbors. In stressing the "partners in leadership," the U.S. may unintentionally strengthen the fears about a new German hegemony in Central Europe. Whereas German foreign policy has

tried to calm these fears by stressing both the German commitment to Europe and the North Atlantic alliance, the apparent U.S. focus on Germany seems to undermine this policy.

However, German politicians are well aware that the unified Germany, because of its sheer size and economic strength, will naturally be the most important U.S. partner within Europe. As Chancellor Kohl said in a recent speech in New York, "The epochal change in Europe is a huge challenge for both the Germans and Americans. Freedom obliges. Today, as in the past, we have to defend our common values and to strengthen the stability of our system in the name of freedom. As a united and sovereign country, we Germans are carrying an increased responsibility in Europe and globally. We know that we can only succeed together with our American and European friends. In that regard, we are accepting the offer of President Bush to become 'partners in leadership'. In the contest of Western burden sharing, we will shoulder the tasks, which we can fulfill within our political and economic means." 

Carola Kaps writes for the Frankfurter Allgemeine Zeitung from Washington D.C.

CAP Reform

E.C. Overhauls

Agricultural Policy

The European Community recently made plans for the largest overhaul of its agricultural policy in 30 years. The reforms switch the emphasis from support for market prices to direct compensation to producers.

The most significant policy adjustment decided in this major reform is a reduction in cereal prices of 29 percent—the objective being to reduce Community cereal prices to world market levels by the end of a three year transition period.

As cereals are essentially the linchpin of the Community's agricultural policy, (indeed it was the cornerstone of the Common Agricultural Policy) major policy adjustments for cereals facilitated adjustments in other sectors, particularly in the livestock sector. Of particular importance is the reduction of 15 percent in the support price for beef, combined with important limits on amounts that may be taken off the market through Community intervention.

Essentially the Community's new agricultural policy will help to stabilize farm incomes, while at the same time encouraging a reduction in production and more environmentally sensitive agricultural practices.

Following the E.C. announcement of the agriculture reforms, **Ray Mac Sharry**, the E.C. commissioner for agriculture, spoke with Roger Barnard, editor of "E.C. Farmlife." Following are excerpts of their discussion about the CAP (Common Agriculture Policy) reform.

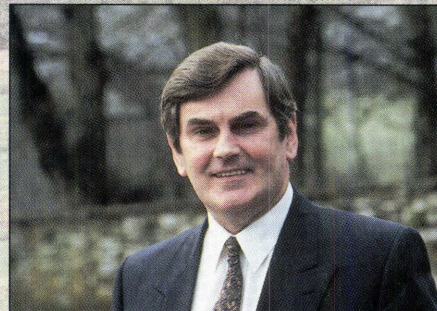
Several elements in the CAP reform package look a lot like farm programs in effect in the United States. Is that an accurate assessment?

What we are doing is moving from price supports, which is the main plank of the CAP, to a combination of price supports and direct aid. We're not going fully to the deficiency payment which operates in the United States. We do have a very important criteria that [producers] will have production limitation controls applied before they would get the benefit of the direct supports.

Many Washington observers openly wonder if there aren't several loopholes in the CAP reform package that could nullify its effectiveness. Are those kinds of loopholes part of the new package?

I'm satisfied we're not dealing in the question of providing a fundamental reform of the CAP to leave it full of loopholes. In fact, what we're seeking to do is eliminate the loopholes that existed in the past and ensure that we do see to it that the mass of support that is being provided by the taxpayer of Europe is for the majority, not the minority. At the same time, we have to honor international obligations to keep production under control. I can assure you there is no question of loopholes; in fact, we are tightening up controls in every respect relative to agricultural supports.

Budget pressures have reduced farm program spending in the United States. How will the CAP reform



package affect the CAP budget, which has come under scrutiny in recent years?

It will improve the situation because it will bring production under control and we'll have less product to support. The prices were the main element of support in the past, and that resulted in those who produced more, got more of the budget. Now we're moving to a situation where we have the production limitation criteria that will reduce output and reduce the budget, but not initially. It will take some time for the drops in production to manifest themselves on the market and in the budget. After about three years we should see the support from the budget for food production going down.

How do you see the CAP reform package affecting the stalled world trade talks under the GATT?

I have no doubt that it shows the world at large, including the United States, that the European Community does really mean business about getting agriculture expenditures and production under control. Many people doubted last year whether we would be able to do it. Now it is a fait accompli...the Council [of Ministers] have decided. So now it begins to operate from next year.

Surely that must give confidence to all concerned in the negotiation that the effort is being made by the European Community. We do hope that sufficient flexibility is shown by others to reach agreement as necessary in the (GATT) Uruguay Round. ☺

AROUND GERMANY

GOODBYE MARLENE

On May 6, the world lost one of its great entertainers. German actress and singer, Marlene Dietrich, died in her Paris apartment at the age of 90.

Dietrich was born in Berlin in 1901. She left her homeland in 1930 and moved to California where she became one of Hollywood's great screen legends. She is best known for such films as *The Blue Angel*, 1930; *Desire*, 1936; and *Destry Rides Again*, 1939.

Many countries can lay claim to Marlene Dietrich. She was an American citizen who was born and raised in Germany, made many films in England, and lived in France.

Dietrich was also known for her adamant rejection of Nazism. She refused a personal invitation by Adolph Hitler to return to Berlin. Although she claimed that she would never return to Germany, after the fall of the Berlin wall, Dietrich told relatives that she would like to be buried near her mother in Berlin. Several thousand Berliners crowded into the Stubenrauchstrasse cemetery to pay their respects to Dietrich. The funeral service however, was quite small and

included only family members and close friends. Actor/director Maximilian Schell began the ceremony with, "Dear Marlene, welcome home."

—Martha Cronin



POTSDAM GOES HOLLYWOOD

The Magic Kingdom may have hit Paris, but now Hollywood is headed to Potsdam. That's right, Germany's own Babelsberg studio, where film greats like Marlene Dietrich and Greta Garbo emerged, was recently bought by the French real estate and film producer, Compagnie Générale des Eaux (CGE), which plans to develop the famed-but-faded studio.

CGE will invest some \$600 million to modernize Babelsberg, where feature films, documentaries, and television programs will be produced.

The French firm also intends to develop a film school, restaurant, and hotel on the 10,600 acre site, which is about half an hour's drive from Berlin. Its ambitious plans have led some to conclude that CGE hopes to create a European counterpart to America's Hollywood. In the past two years, studio tours—à la Universal Studios—have already become a successful source of income for Babelsberg.

The Babelsberg studio first opened in 1912, producing such early film classics as

Fritz Lang's *Metropolis*. During World War II, the studio was co-opted by the German state and soon offered only works of propaganda. Government control of the studio continued after the war, when the films produced there (Potsdam was located within the Russian sector and, later, within the German Democratic Republic) praised the Communist regimes of the East.

Over the next forty years, propaganda dominated. However, some of the films produced at Babelsberg were frowned upon by the East German government and were denied release. Only after the tumbling of the wall in 1989 were they shown to general audiences.

—Robin B. Hodess

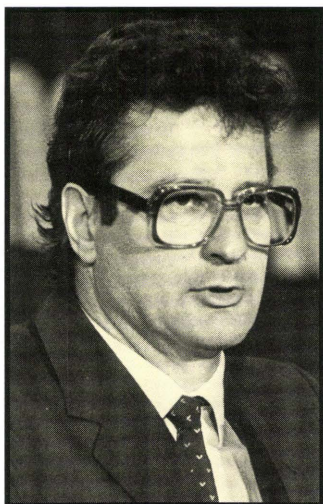
NEW FOREIGN MINISTER

"In a way, I have been discovered by Hans-Dietrich Genscher," says Germany's new foreign minister, Klaus Kinkel with calculated understatement. He succeeds Genscher, a principal architect of German unification and the emerging new Europe. Genscher's resignation as foreign minister after 18 years in office caused a political sensation in Germany and abroad.

Kinkel's nomination as Genscher's successor stirred major turmoil within the Liberal party, the F.D.P., the junior coalition partner in Chancellor Kohl's government. The party's executive board—the inner circle—first nominated Construction Min-

ister Irmgard Schwaetzer, the most prominent woman in the party, as Genscher's successor. However, the F.D.P. parliamentary group staged a revolt against the executive board's "arbitrary" nomination, and after some hesitation, Kinkel agreed at the last moment to run against her and won 63 to 25.

The professional career of the 55-year-old lawyer has been characterized by surprises engineered not so much by himself as by others, in particular Hans-Dietrich Genscher. Many suspect that this time, too,



Genscher figured in the background action to make Kinkel foreign minister.

It was Genscher, then Minister of the Interior, who first hired Kinkel as his personal aide in 1970. In 1974 when Genscher became foreign minister, Kinkel, too moved to the Foreign Ministry, where he was first in charge of Genscher's bureau and later head of the planning staff. It was again Genscher who suggested Kinkel as president of the German Intelligence Service, and Genscher who asked Kinkel to return to Bonn as state secretary in the Ministry of Justice in 1982. For eight years, Kinkel was

the *eminence grise* before becoming minister of justice in 1990.

Only then did Kinkel, who was never a member of any political party, join the F.D.P. and come into the public limelight.

—Wanda Menke-Glückert

FUTURE CARS

Approximately 290,000 electric vehicles will be sold in the U.S. by the year 2001, and BMW with more than two decades of research experience is well prepared to have an edge on that market. BMW's design incorporates a sodium sulfur battery that has an energy capacity three to four times greater than the conventional lead acid battery of gasoline-powered cars, and it can be fully recharged with regular household current in about 6 to 8 hours.

In 1991, BMW introduced the E1 prototype at the Frankfurt Auto Show. The E1 is capable of a top speed of 75 m.p.h. and has a typical range of 105 miles per charge. As spacious as the 1992 BMW 325i, the E1 sports a unique style, while maintaining such typical BMW amenities as air conditioning, an audio system, and a cellular phone. Also incorporated into the E1 are standard BMW safety features, such as driver and passenger air bags and antilock brakes.

For 1992, the electric car concept took on a whole new look with the E2. Similar to



the E1 in all areas but actual physical appearance, the E2 was designed to be better suited for American roads.

FAMOUS FACE

Does this face look familiar? It should because Claudia Schiffer has been seen smiling all over the world having been featured on more than 140 magazine covers over the course of the past three years.

Schiffer was discovered four years ago dancing at a Dusseldorf discotheque by a co-owner of Metropolitan, the modeling agency that now represents her. A native German, Schiffer also speaks flawless French and English. At 21 she is at the height of her profession, having recently signed a contract with Revlon rumored to pay her \$10 million over the next four years.

Often described by those

in the modeling industry as typically German, Schiffer told *EUROPE* that she attributes this label to the fact that she fits several German stereotypes. "Germans are known for being very disciplined, for being always on time, and for being very serious about their work. I am very serious, very disciplined, and I try to be on time."

When asked how she felt about the German reunification, Schiffer responded, "It is like a dream to have all of these families back together. It was like [the East Germans] were in a prison and now they can travel all over and discover Germany and all the countries around it. It is what everyone was hoping for but never expected."

Schiffer has had the opportunity to do quite a bit of travelling herself. Modeling brought her to the U.S. for the first time and has taken her all over the world. On her role as a representative of the new Germany she says, "I am very proud to be German and wherever I go I am proud to stand for my country. When I was at the Grand Prix in Monaco, I went to wish the German race car driver, Schumacher good luck because he is German, and he was driving for his country. I felt like I had a connection with him."

—Saskia Reilly



GETTING TOUGH IN MUNICH

**Leaders
Face Many
Difficult
Issues**

By Amy Kaslow

18 EUROPE

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conomic Summit host German Chancellor Helmut Kohl is anxious to preside over a conciliatory meeting of leaders from the world's richest countries.

Reaching a global trade accord, aiding the former Communist bloc, and addressing environmentally disastrous nuclear power plants top Kohl's agenda. But convening in Munich this July is a group whose foundation of economic and financial cooperation is fractured by the members' mounting domestic pressures.

The seven leading industrial nations—the United States, the United Kingdom, Canada, France, Germany, Italy, and Japan—are more concerned with their own deficiencies than with tackling tough international problems. And the self-centeredness has impaired their ability to fulfill their collectively-assumed policy—generating global economic growth.

Currently, loaded down with their own big budget deficits, governments from the Group of Seven and the European Community—the official attendees of the Economic Summit—are loathe to face unprecedented international capital demands and an acute cash shortage in the 1990's.

Germany's burgeoning budget deficits, Japan's financial downturn, and a sluggish U.S. economic recovery have left the three major powers—the so-called troika—looking inward. Instead of forging ahead in earnest with policies for increased world trade or help for struggling new democracies, they wring their hands over such "costly" measures. Acrimony, not agreement, often dominates their discussions.

In the General Agreement on Tariffs and Trade (GATT) talks, the United States has long charged that European farm subsidies stand in the way of reaching a global trade accord. Japanese officials assert that unless U.S. and European trade negotiators reach a compromise, the existing world trading system will collapse. One summit watcher says that "if Tokyo ever reduced its own subsidies and opened its own markets to foreign agricultural suppliers [particularly rice exporters], there would be so much pressure on the U.S. and Europe, a GATT agreement would be reached very quickly."

Europe, Japan, and the U.S. represent only a portion of the 108-member GATT designed to open markets and reduce subsidies, quotas, and other barriers to international commerce. But sharp disagreement among these dominant economies over agricultural supports has slowed the broader talks on a host of issues ranging from intellectual property rights to banking and insurance.

Joseph Connor, head of the International Chamber of Commerce, says GATT's lack of political leadership damages the world economy. Eastern Europe and the ex-Soviet republics will suffer intense casualties, he says, if wealthy American and European mar-

kets "permanently slam the door on neighbors to the east. The U.S. and E.C. extolled these countries' break from communism, but they are not willing to buck powerful protectionist interests and open their markets to the few products these countries are able to export—agricultural goods and textiles."

Stepped up requests for foreign aid spur arguments over burden-sharing among the well-heeled governments. Aid to the now defunct Communist bloc, perhaps the most celebrated summit cause, reflects the self-interest of

funds to construct housing for Red Army soldiers returning from their East German posts. Bonn has transferred huge sums to eastern Germany to help bring it up to the standards in the western portion of the country.

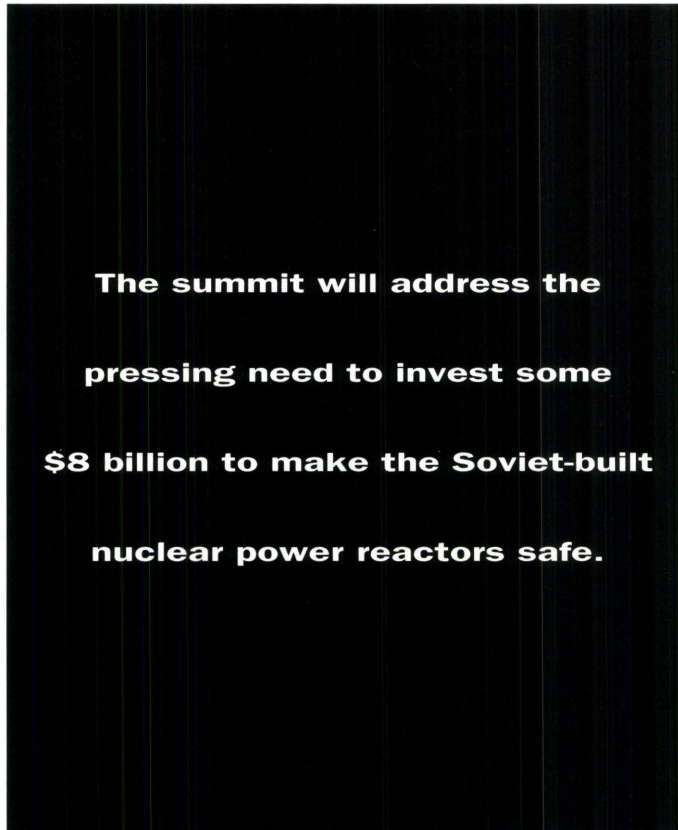
The ever-cautious Japanese await a payoff from the Russians—the return of a group of Japanese islands seized by the Soviet Union at the end of World War II—before they dig deep into their pockets.

The U.S., whose own electorate is caught up in an anti-foreign aid frenzy, offers trade credits and investment guarantees that help U.S. exporters and investors. Washington has spent little but has promoted greatly its "enterprise funds" for Central and Eastern Europe and has publicly pressured Japan to contribute. Tokyo decided in May to extend \$400 million in trade credits for private sector development in Central and Eastern Europe—money that will be funneled largely through the U.S. sponsored funds and benefit Japanese exporters.

Due to European concerns and nuclear specialists' warnings, the summit will address the pressing need to invest some \$8 billion (estimated by the World Bank's division chief for Infrastructure, Energy, and the Environment, Jonathan Brown) to make the Soviet-built nuclear power reactors safe. While the 1986 Chernobyl disaster still looms large—it could be re-

peated in as many as 15 separate power plants across the former Soviet empire—summitteers are wary of the open-ended outlays required to correct the problem.

Worried about sluggish world growth, projected by the International Monetary Fund at 1.5 percent this year, Washington, Bonn, and Tokyo exchange barbs over their respective fiscal and monetary policies. U.S. Treasury Undersecretary David Mulford faults Germany, the dominant economy in Europe, for "causing high interest rates, slow growth, and contributing to unemployment" on the Continent. Reunification costs have led to a large fiscal deficit. That, coupled with the Bun-



the donors. Government accountants in North America, Europe, and Japan run a constant tally of just how much their treasuries have extended to the world's needy.

Chancellor Kohl says Germany has "reached the limit of its capacity" to help the former Communists make the transition to democracy. He cites Bonn's \$46 billion outlays to the ex-Soviets and \$64 billion to Eastern Europe (the latter is mainly Eastern Germany) and calls upon Washington and Tokyo to ante up.

The Germans know their money has been well spent. They have secured Soviet support for German unification with largess ranging from food aid to



Leaders from Europe, Japan, and North America will huddle in Munich on ways to generate global economic growth.

desbank's tight monetary policy, hinders growth in former Communist countries now banking on Western European capital and markets.

Unmanageable U.S. deficits are easy targets for German officials, who say the United States has held up global economic growth. America shows only an anemic recovery from recession.

U.S. and European governments are anxious for Japan to spend more. Once seemingly unstoppable, Japan is an international economic locomotive now running out of steam. The 225-member Nikkei stock index has fallen dramatically during recent months, real estate values have plunged, and over-exposed banks continue to tighten credit. Japanese investors, known for their cautious approach, have already taken an even more conservative position in finance outside Asia. Tokyo financial firms are now less likely to explore

high-risk unknown markets, such as the cash-strapped Eastern European and former Soviet markets, than before Japan's own slide.

Horst Schulmann, managing director of the Institute of International Finance, worries about a world economic slump that "has affected, in the first instance, private investment." Private money is essential for successful efforts to assist the Russian and other republics' economies, he says, adding that taxpayers in the world's wealthiest countries clearly want the "private sector to do most of the job."

With Latin America, Southeast Asia, India, Eastern Europe, the ex-Soviet republics, and even the oil-rich Middle Eastern countries hungry for cash, "competition for private capital will increase in the 1990's," says Schulmann. "All of this is likely to occur against the backdrop of a structural savings deficit

in the industrial countries." Global financial institutions, led by those governments attending the Economic Summit, are challenged to lead needy countries toward sound economic reforms that attract private capital suppliers. Foreign investors and bankers must be confident of a return on their money.

Norbert Walter, chief economist at Deutsche Bank, urges Kohl to redirect the summit leaders' course on aid to Russia and other former republics. Technical aid for building institutions such as a distribution system, a legal framework, and a commercial banking sector, must top the list. With the world's largest economies under duress, this may be one of the few possible success stories at Munich, he says. **E**

Amy Kaslow writes about international affairs and economics for the Christian Science Monitor.

BEHIND THE SCENES AT THE ECONOMIC SUMMIT

The (Almost) Invisible Players

By Barry D. Wood

Declining or not, the United States still calls the shots in international economic policy. Thus, if you're looking for the movers and shakers in the Group of Seven, you would do well to start with James A. Baker III and Nicholas Brady, long time friends and closest aides to President George Bush.

The nuts and bolts of managing the international economy is front and center at the annual Economic Summit. Planning the summits is the job of designated aides from the E.C. and the seven major industrial democracies. These planners, like the sherpas on Mount Everest, prepare the way to the summit. Robert Zoellick, the top economic official at the State Department and a longtime assistant to James Baker, and Pascal Lamy, senior aide to Jacques Delors, are representative of this group of sherpas.

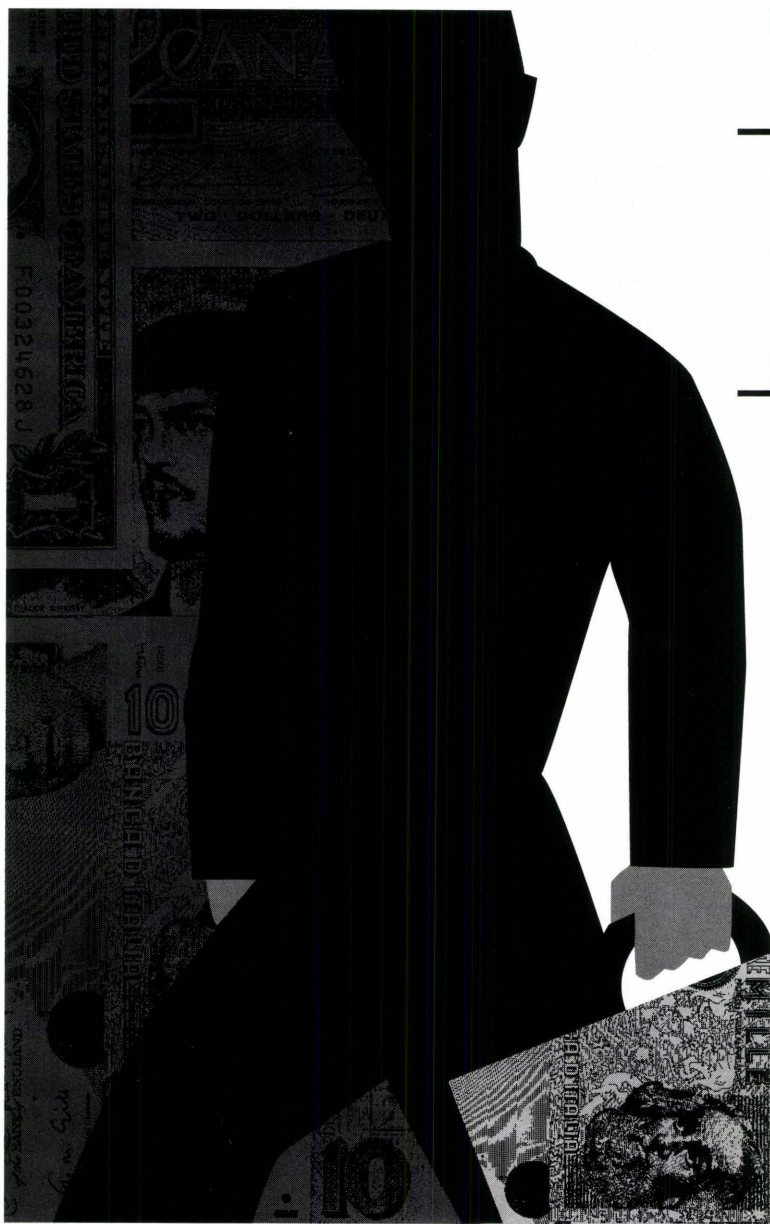


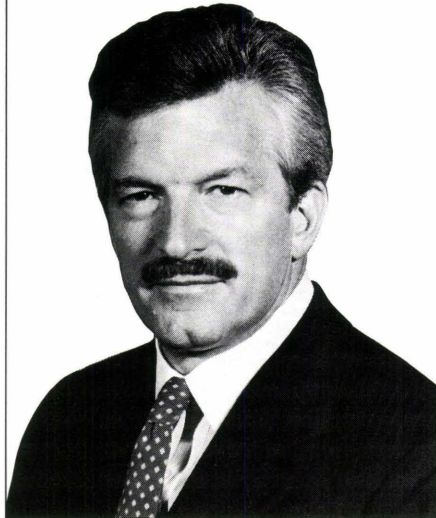
Illustration by Glenn Pierce

But down in the trenches—in the contentious and frustrating, but vitally important task of building consensus on critical issues—is an elite, tiny group of North Americans, Europeans, and Japanese who comprise a kind of management committee for global economic policy. They are the Group of Seven deputies, senior treasury officials responsible for foreign international economic policy. These powers behind the thrones—men like Mulford, Koehler, Trichet, Chino, etc.—are hardly household names. And yet their imprint is on virtually every recent G-7 economic action—from the establishment of the new European Bank for Reconstruction and Development, debt relief for Poland and then Russia, and assigning the IMF the key coordinating role for Western aid to the successor states of the Soviet Union.

The G-7 deputies group came into its own in 1985 (until 1987 it was G-5, without Canada and Italy) when then Treasury Secretary James Baker reversed U.S. policy and promoted a cooperative strategy to ease the dollar down from its destabilizing high levels. Operating separately from but in conjunction with the sherpas, who have major responsibility for planning the annual economic summits, the G-7 deputies have no secretariat. Their consultations are informal, typically don't require interpreters, and are held away from the glare of the press. The deputies' job is economic policy coordination and that takes their discussions into a range of issues including currency markets and the formulation of policy initiatives. Meeting roughly every two months, the G-7 deputies strive for consensus and then send policy recommendations to the Group of Seven finance ministers and central bankers, who meet usually three times a year. The G-7 deputies have come to essentially set policy for the International Monetary Fund and World Bank, and they have considerable input into the economic agenda for the annual economic summits. Here's a look at three of them.

Suave, debonair David Mulford has been a steady hand on the tiller of American foreign economic policy since the first Reagan administration. From the international desk at Treasury, Mulford has exercised steadily increasing influence under two presidents and three Treasury secretaries. Unique amid the civil servants who are

Mulford has played a key role in American foreign economic policy since the first Reagan administration.



his G-7 counterparts, the 54-year-old Mulford was recruited from the private sector to be assistant secretary by Donald Regan in 1984. He was retained and handed increased responsibilities by James Baker and then promoted to under-secretary for international affairs by Nicholas Brady. Goldman Sachs vice-chairman and former State Department official Robert Hormats puts Mulford near the top of any list of global economic policy movers and shakers. Says Hormats, "David has left his mark on the G-7 process. He has been a significant player for a very long time."

Mulford's résumé is rare for an American public servant. Born not far from Chicago during the Depression, he has a Ph.D from Oxford in African studies. He was a New York investment banker before spending 10 formative years during the 1970's and 1980's in Saudi Arabia, managing the kingdom's huge oil wealth. It was, Mulford told an interviewer, "perhaps the most important private financial position in the world."

Among the Group of Seven deputies the sometimes abrasive Mulford is the acknowledged leader and senior part-

ner. He played an important role at the Plaza Hotel meeting in New York in September 1985 when G-7 finance ministers and central bankers decreed that the dollar needed to come down from its lofty levels against the yen and the German mark. He helped develop the Baker plan, unveiled the next month, that called for new loans and debt relief for middle income—mostly Latin American—debtors who pursued market based reforms. Later, Mulford helped devise the successful Brady debt reduction plan that is credited with helping countries like Mexico shake free from the debt mountain that constrained growth and kept away potential foreign investors.

Labeled arrogant and a bull in a china shop by critics, the always impeccably dressed and dapper Mulford is seen by some as representing both Wall Street and a financially strapped U.S. administration. Germans complain that Mulford is adept at using "other people's money"—devising elaborate initiatives and then walking away from the table when the check arrives. In Japan Mulford is controversial as the hard driving American who launched the still ongoing effort to force open the country's clubby and "administratively guided" financial markets. During difficult negotiations the prickly Mulford has embittered some of his Japanese counterparts and even embarrassed them in public. An impatience with cultural niceties combined with unshaking determination and mastery of detail has earned Mulford both lasting enmity and respect.

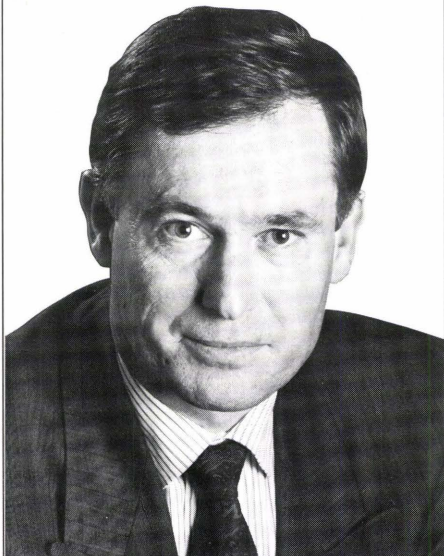
Germany's G-7 deputy, Horst Koehler, has, in the view of economic consultant Stephan Richter, the "most interesting and demanding job in the German government." A Ph.D in economics, the dynamic, 49-year-old Koehler has been state secretary in the finance ministry for two years. Unlike Mulford, who deals almost exclusively with international matters, Koehler has wide ranging domestic responsibilities and has been intimately involved in working out the arrangements for monetary union with eastern Germany as well as within the European Community. In addition, Koehler is Chancellor Helmut Kohl's chief summit planner, a job which in the United States belongs not to Treasury but the State Department. The clout of the forthright but collegial Koehler is enhanced by his di-

rect line to Kohl. Still a new kid on the G-7 block, Koehler is credited with doing a "very, very good job" by Horst Schulmann, who held the same finance ministry position under the Social Democrats a decade ago.

But arguably the most polished, persuasive, and effective G-7 deputy is France's Jean-Claude Trichet. The director of the French treasury—and clearly the match of his German counterpart in terms of influence and responsibility—Trichet benefits from his ancillary job of chairman of the Paris Club of creditor governments. Trichet, says an IMF official, "is a real professional, whose clout is enormously amplified by having the Paris Club bureaucracy behind him." Trichet has headed the Paris Club since 1985, having succeeded Michel Camdessus.

Born within two months of each

Still a new kid on the G-7 block, Koehler is credited with doing a "very, very good job" by Horst Schulmann, who held the same finance ministry position under the Social Democrats a decade ago.



other in the midst of World War II, Trichet and Koehler have much else in common. Like Koehler, Trichet was his government's top negotiator in the lead up to the Maastricht agreement on European monetary union. With Koehler, Trichet played an important role in the Soviet and then Russian debt negotiations. And like Mulford, Trichet retains the complete confidence of his superiors, who have been as ideologically diverse as free marketer Eduard Balladur and Socialist Pierre Beregovoy, who recently left the economy ministry to become prime minister.

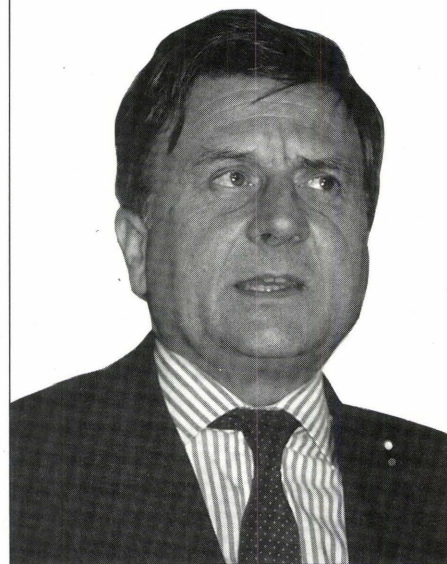
Japan's Tadao Chino, 58, is new to his job as vice-minister of finance for international affairs. Chino is more cautious and less independent than his popular predecessor, Makoto Utsumi, who was moved aside last year in what some Japanese view as a power grab by the ministry's conservative domestic wing. Like his colleagues, Chino is a lifetime employee of the finance ministry and was a budget examiner for much of his career.

The deputies, in the view of investment banker Hormats, have become a very important part of the consultative process of the G-7 nations. By Mulford's own account the process is a delicate flower that requires the nurturing of common need and effective personal relationships.

Of late tensions have surfaced within the group, which at its best resembles a congenial gentleman's club. Mulford—politely described as no one's best friend—infuriated Koehler and Trichet last year when he endorsed a moratorium on some Soviet debt payments. Mulford and Chino have clashed over the yen-dollar exchange rate. In advance of April's G-7 ministerial, a dispute over German fiscal policy flared into a rare public confrontation between Koehler and Mulford. The ministerial meeting itself went on two hours longer than planned because the Japanese dug in their heels, resisting calls for more domestic expansion to fuel world economic growth.

But through it all the consultative process remains intact and even flourishes. A central banker observes that "there is more appearance of discord than there actually is." Tensions, he says, are inevitable when there are differing national interests and key countries are at different phases of the economic cycle.

Like Koehler, Trichet was his government's top negotiator in the lead up to the Maastricht agreement on European monetary union. With Koehler, Trichet played an important role in the Soviet and then Russian debt negotiations.



The flood gates of history, which opened along with the Berlin Wall, unleashed momentous changes requiring a coordinated economic policy response from the West. There was German reunification, free market reform in Eastern Europe, the collapse of communism, and the emergence of 15 new republics from the wreckage of the Soviet Union. All that plus the Gulf War, the recession, and European monetary union. Given these astonishing events, if the G-7 consultative process didn't exist, it would have had to be invented. ☺

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W E L C O M E T O T H E



Inside

EUROPE

JULY/AUGUST 1992

VOLUME 1/NUMBER 6

DANES VOTE NO/IRISH VOTE YES

The Danes have never been in the vanguard of E.C. integration. But the thin 50.7 percent defeat of the Maastricht Treaty in the Danish referendum on June 2—unpredicted by all polls—stunned the victors almost more than anybody else. The E.C. partners had no forewarning from the Danish government, who had been campaigning vigorously for a “yes” vote.

A strange, undeclared truce has now been established between the E.C. adversaries in Denmark, at least while they probe for some kind of compromise that will secure the future of Denmark within the framework of the existing European Community. In fact, the reaction to the Danish “no” has been far more dramatic outside than inside Denmark, where the financial markets’ response was moderate, and where polls show little change in the political landscape, despite the dramatic discrepancy between the referendum result and the official party platforms, especially in Denmark’s largest political party, the Social Democratic Party. Two-thirds of the party’s voters revolted against the party line and voted “no.”

A new referendum will be needed to bring Denmark back into the mainstream of the E.C., provided the Maastricht Treaty survives future political hurdles, including at least two more national referenda. Conservative Prime Minister Poul Schlüter has opted for a quick fix, giving the voters a chance to change their minds perhaps within the next six months, in time to jump aboard the Maastricht Treaty without any major delay of its final ratification. The victors in the Danish referendum predictably cried foul. Many who had voted for Maastricht, including Foreign Minister Uffe Ellemannsdensen, pointed out the serious risk of another “no” vote, which could be tantamount to a Danish exit from the European Community.

So the Danes have to wait. Four out of five in Denmark do not want to leave the European Community. For almost 20 years a net beneficiary of the E.C. budget, Denmark now faces the prospect of a net financial contribution. This, however, was not an issue in the campaign, perhaps because the economic benefits of membership for business as a whole are largely undisputed. Those who voted “no” clearly want the E.C. to remain primarily an economic structure as it would if Maastricht were not ratified. The dominating themes in the “no” campaign were fear of a loss of sovereignty and enforced participation in a Euro-army following a U.S. withdrawal from Western Europe.

What this means is that a new Danish referendum would require a theme that is clearly different from the Maastricht Treaty. A slightly watered-down version of the treaty, perhaps the result of a de facto renegotiation after it has been ratified by everyone else, is almost certainly not acceptable, even if it is offered. The Danish legal bargaining chip, that any change in the Treaty of Rome requires unanimity and thus a Danish ratification, may secure concessions that some government members hope will allow the Danes to participate *à la carte*, for example the strengthened environmental policies envisaged by the Maastricht Treaty. But this would still be a second-class membership.

Campaigning for a “yes” vote in another referendum won’t be easy. The two parties wholly opposing the Maastricht Treaty, the left-wing Socialist People’s Party and the right-wing Progressive Party, are strange political bedfellows. The Socialist People’s Party is supposedly internationalist, and very tolerant of immigrants, while the Progressive Party is distinctly

DANES VOTE NO CONT.

nationalist and, like other right-wing parties in Europe, it is obsessed by the need to limit the number of foreigners in the country.

The common denominator of most opponents of the Maastricht Treaty is a determination not to surrender national sovereignty. This stance may be surprising to readers of the Maastricht Treaty, who find in it few federalist political elements, but a clearer blueprint for economic and monetary union (EMU).

In the case of Denmark, any transfer of sovereignty over the currency would, by a special protocol in the Treaty, have to be endorsed by a further Danish referendum in 1996. And Denmark has already passed the EMU exam requirements.

For the past 10 years, Denmark has voluntarily accepted the lead of the strong German mark in a successful quest for low inflation. EMU would offer the Danes a seat on the board of the European Central Bank, and thus an influence on European policy that is not available to them today. To some this is more, rather than less, sovereignty.

The lesson of the referendum is that sovereignty cannot be subjected to such mundane analysis. It is an emotional issue for the Danes. The Danish Social Democrat voters have always been skeptical of E.C. integration, symbolized by Ivar Noergaard. The former foreign minister

and chairman of the powerful parliamentary bipartisan E.C. committee said two days before the referendum that while he personally voted "yes," he saw no contradiction between supporting the party and voting against the Maastricht Treaty.

It could be argued that (although fewer than the Socialists) the right-wing and conservative opposition to Maastricht turned the scales. The "no" majority was 46,000 votes, and half that number could have reversed the decision. Virtually all non-socialist voters endorsed Danish E.C. membership in 1972 and the E.C. Single Act in 1986, but with the Maastricht Treaty, Denmark experienced an unexpected resurgence of nationalism. Many Danes, including prominent participants in the campaign for a "yes" to the treaty, see only one solution to the present Danish predicament: that the treaty be shelved until further notice, allowing the E.C. to continue as it is today. Some are even secretly proud of the impact the Danish vote has had on E.C. politics, although there is a distinct risk that Denmark will become the scapegoat if Maastricht collapses. Others hope that by the time the other Nordic countries are ready to join the E.C. (probably in 1994), the Maastricht Treaty will have evolved in such a manner that it will be accepted by Danish voters.

—*Leif Beck Fallesen*

LISBON NOTEBOOK/JOURNALISTS' CONFERENCE

"The new Europe is a mess, a terrible mess." said Robert Blackwill, lecturer in Public Policy at Harvard University's John F. Kennedy School of Government and former special assistant to President Bush for European and Soviet Affairs.

The European Community made "a major mistake" in trying to resolve the future of its political institutions at the same time as its plans for economic and monetary union, according to Viscount Etienne Davignon, President of the Belgian financial giant Société Générale and a former leading member of the E.C. Commission.

And Andreas van Agt, Head of the E.C. delegation in Washington, said that while the E.C.-U.S.-Japan triangle should be mobilizing massive resources to solve the world's problems, the Big Three were currently behaving more like an "unholy trinity."

Those were some of the gloomier assessments of how Europe is shaping up to the challenges of the post-cold war world at a conference of European, Japanese, and American journalists at Estoril, Portugal on June 3 to 5. The annual journalists' conference this year was co-sponsored

by the Washington and Tokyo Delegations of the European Commission.

With the conference starting on the day after the Danish referendum delivered a stinging "no" to the E.C.'s Maastricht Treaty on economic and political union, many participants said Denmark had complicated the E.C.'s task still further. But there was widespread agreement that the process of European integration must continue.

Most speakers at the conference on "The New Europe and Its World Partners" also agreed with Ambassador van Agt that the United States, the E.C., and Japan should work even more closely together in the unstable conditions created by the collapse of Communism.

"We the E.C., Japan, and the United States, who have the power to define a New World Order, should not let this moment slip by," said Frans Andriessen, European Commission Vice President for External Relations.

But Johei Kono, Chairman of the Research Commission on Foreign Affairs of Japan's Liberal Democratic Party cautioned that cooperation between the E.C., Japan, and the United States, while important, "should never resemble a

BUSINESS BRIEFS

Swiss food giant **Nestlé SA** is confident its \$2.5 billion acquisition of **Perrier**, the French bottled water company, will pass a European Commission probe despite a preliminary inquiry which "raised serious doubts" about the takeover.

Analysts said Nestlé will satisfy the Brussels trust busters by offloading Perrier's smaller brands to reduce the dominant share of the French market it will gain from the acquisition.

Philips, the Dutch electronics concern, plans to generate between 5 percent and 10 percent—some \$2.7 billion—of its annual sales in Eastern Europe by the year 2000.

Philips has set up an East European task force to pinpoint promising investments and intends eventually to transfer several thousand Dutch staff to new plants in the region.

Determined not to trail its Japanese and South Korean rivals in these lucrative virgin markets,

Philips will soon boost its existing video recorder operations in Hungary and telecommunications operations in Czechoslovakia.

Unilever, the Anglo-Dutch consumer products group, is also boosting its presence in Eastern Europe, with planned forays into Poland and Czechoslovakia this year.

The deals, involving foods and detergents, will lift Unilever's East European spending to nearly \$200 million.

Unilever is pitching for yearly sales of \$900 million in Czechoslovakia, Poland, and Hungary, up from \$350 million in 1992.

BMW, Germany's luxury car maker, recently announced a plan to build an assembly plant in the United States where recession, stiff Japanese competition, and a weak dollar clipped 1991 sales by 16 percent to 53,000 units.

Greenville, South Carolina was named the site for the \$630 million

investment.

Meanwhile, **Mercedes-Benz** could also opt for a factory in the U.S. or Mexico to get closer to a key market. Chairman Werner Niefer, who steps down soon, has always favored domestic production, but his heir apparent, Helmut Werner, has long supported assembly abroad.

Edzard Reuter, chief executive of parent company **Daimler-Benz**, has threatened to move more production out of Germany following recent inflationary wage settlements.

Deutsche Aerospace, DASA, is taking a 51 percent stake in **Fokker**, the Dutch aircraft manufacturer, creating a powerful new alliance in Europe's fiercely competitive regional jetliner market.

Negotiations were strained by Fokker's fears that a dominant German partner would undermine its design, assembly and marketing activities.

cartel protecting the interests of the advanced nations at the expense of poorer nations."

And Mr. Blackwill warned that the E.C. would have to solve the problems of Eastern Europe and the former Soviet Union largely by itself, without much help from the United States.

First of all, he said, the United States is "dead broke" and secondly, while "terrible things could happen" in Eastern Europe, they would not have a direct impact on the U.S. interests or lead to a war that would threaten the stability of the American homeland.

The point was echoed by Viscount Davignon, who said it was "logical" that Europe should look after its own backyard, without U.S. involvement, now that "European events do not affect world security."

But he urged the E.C. to end the ambiguity about its aims, which had been increased by the Danish vote, and not to lose the speed or momentum of its move to integration.

Although Europe had often failed when it tried to make major political steps forward, "we cannot afford to let

Maastricht unravel," Viscount Davignon said.

Arguing that the E.C. had a political and legal obligation to take in new European members, Mr. Andriessen said, "the E.C. would soon have to decide which countries qualified as European — not just geographically but from the point of view of culture, history, identity, and politics.

It was generally agreed, he said, that the Baltic states and the countries of Eastern Europe — led by Poland, Hungary, and Czechoslovakia — would qualify as potential members.

Arthur Dunkel, Director General of the GATT stated that for the first time since World War II, international organizations like the United Nations, the World Bank, the International Monetary Fund, and the GATT could become truly universal and function as they were meant to.

At a time of integration in some parts of the world and disintegration in others, "maybe the only way we can keep the world together is through universal institutions," Mr. Dunkel said.

—Reginald Dale

BUSINESS BRIEFS CONT.

But under an accord to be finalized in mid-July, Fokker, a market leader in short-haul jets, will be the "lead company" in the partnership.

Fokker needs DASA financing to develop two new 70 and 130 seat jets, hybrids of its best selling F-100 model. DASA wants to lessen its dependence on military aircraft and utilize Fokker's experience in building medium-sized planes.

The Dutch government, which owns 32 percent of Fokker, accepts foreign control on condition that design and assembly stays in the Netherlands.

French bank **Union Europeenne Du CIC**, is overseeing the privatization of **ZIL**, manufacturer of the limousines long associated with dour Soviet Communist Party officials.

CIC is seeking a western buyer for the company which has a workforce of 120,000 in 17 plants producing around 160,000 medium-sized trucks a year.

The famous ZIL car is almost a sideline and faces a future as uncertain as that of its former customers.

Louis Schweitzer takes over as chairman of **Renault** just as the French state-owned car maker is poised to clinch a merger with its Swedish partner, **Volvo**.

Schweitzer, who succeeded Raymond Levy, personally negotiated

a 1990 alliance with Volvo involving cross shareholdings that paved the way for a full merger with the Swedish auto manufacturer.

The French government, originally cool to the alliance, is willing to give Renault a free hand. Sweden's conservative government, which scrapped restrictive merger rules earlier this year, says it will not interfere in Volvo's plans.

A full merger would create the world's fourth largest automotive group after General Motors, Ford, and Toyota; plus the world's largest bus and truck maker.

Swedish Match, the world's number one match and lighter producer, will soon be Swedish again.

Procordia, a food and pharmaceuticals group jointly owned by Volvo and the Swedish government, is negotiating to buy Swedish Match from an international consortium led by **Citicorp Venture Capital** in London.

Terms have not been disclosed but analysts estimate Procordia will pay about \$350 million.

Swedish Match has had several owners since it was sold by **Stora**, the Swedish forestry group, in 1989, breaking a link with Swedish industry dating back to the 1920's when it dominated the world match market.

Airbus is breaking into one of the

few remaining strongholds of its archrival **Boeing**: the market for jets with fewer than 150 seats.

The four nation consortium will soon start marketing a new 124 seat twin-jet airliner, the A-319, the smallest plane in the company's fleet of jets.

Airbus hopes to clinch enough orders for the new plane to launch a \$275 million development program later in the year.

The plane, likely to be assembled in Hamburg, will enable Airbus to challenge Boeing for supremacy of the global market. Currently, it can compete with Boeing on all but two types of jets- the Boeing 747 jumbo jet and the best selling 737 which can carry between 108 and 146 passengers.

Airbus has a lot of catching up to do; Boeing has already taken nearly 3,000 orders for the 737.

Italian financier Sergio Cargnotti is negotiating to buy **Del Monte Foods**, the U.S. canned foods group, in a bid to create a global foods, detergent, and packaging giant.

Cargnotti is expected to pay at least \$300 million and assume nearly \$500 million of debt to take over the former unit of **RJR Nabisco Inc.** from an investment group led by **Merrill Lynch** and **Citicorp**.

Cargnotti, a former senior executive with Ferruzzi, the Italian agricultural chemicals giant, set up his own merchant bank in 1991 with \$360 million of launch capital. —Bruce Barnard

IRISH VOTE YES ON MAASTRICHT

At press time, results of the Irish Maastricht Treaty referendum showed a resounding approval. Early returns indicate a 2-1 majority of voters in favor of the Maastricht Treaty in Ireland. One week before the crucial Irish referendum on the treaty, a free telephone service was installed to boost the flow of official information to the public. According to one of six civil servants who manned the lines, they were deluged with more than 60 calls an hour. Ireland had a lot to gain from a vote of approval and many seem to feel that the results of the poll have given a clear "yes" to the treaty.

Commenting on the Irish vote, E.C. Commission President, Jacques Delors stated, "Ireland has done itself proud."

INSIDE EUROPE

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Inside Europe is published by the Delegation of the Commission of the European Communities, 2100 M St., N.W., Suite 700, Washington, DC 20037

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

By Martin Walker

EURO-FUTURE

D a t e l i n e :

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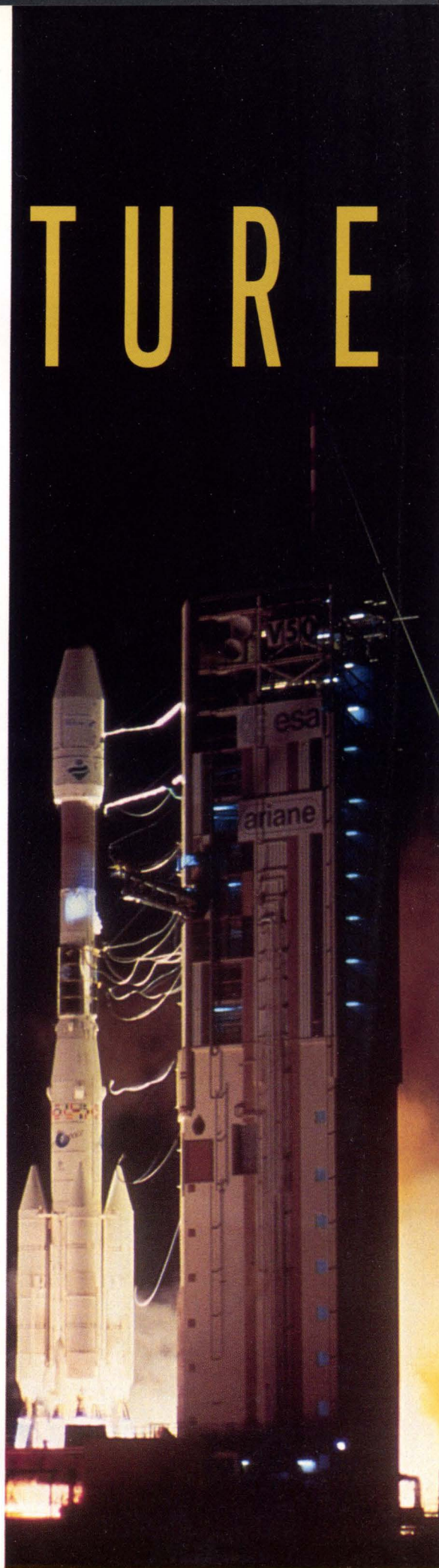
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THE 24-NATION EUROPEAN COMMUNITY BEGINS THE FORMAL INCORPORATION OF THE OLD SOVIET EMPIRE IN EASTERN EUROPE TODAY, as new members of the European Parliament from Hungary, the Czech and Slovak Republic, Poland, and the Baltic republics all take their seats for the first time.

The first order of business they will debate is the proposal from the new European President Felipe Gonzales of Spain that the Community should widen yet further to include the former Yugoslav republics of Croatia and Slovenia. The second item on the Euro-Parliament's agenda is the timetable of the negotiations with the former Soviet republics, Ukraine and Belarus.

The achievement of the multi-national peace-keeping forces of the Western European Union in stopping the civil war in Nagorno-Karabakh has also made possible the parallel talks with the other former Soviet states of Georgia and Armenia. Now that peace has been established, they are now expected to join Turkey as full members of the Community within five years.

EUROPE





"The success of the European Community in bringing the Middle East peace talks to fruition last year, under the leadership of the European foreign minister, Hans-Dietrich Genscher, demonstrated our continent's commitment to our global responsibilities," President Gonzales said yesterday.

"Now is the time to complete the business of uniting the European continent itself into a stable and prosperous democracy," President Gonzales went on. "I know the European cause will be in good hands when I hand over the Presidency to the U.K.'s former prime minister, John Major later this year. And I wish Mr. Major success in his own plans for the negotiations with Russia's President Yeltsin which could yet take our Community from the Atlantic to the Pacific coastline."

This future scenario is not only plausible. In the course of the next decade, much of it looks almost inevitable. Already Finland, Austria, Sweden, Malta, and Cyprus have announced applications for membership. Turkey had ap-

plied earlier. Switzerland has announced its intention to formally apply, and Norway could follow suit. Poland, Hungary, and the Czech and Slovak Republic have already begun knocking at the door. Once the other Baltic nations of Scandinavia are inside, then Latvia, Lithuania, and Estonia will probably join the lengthening line.

But now comes the bad news. By the year 2000, we could equally be reading a news report that begins:

"The sagging momentum toward European unity slowed further this week as the unstable German coalition government announced that it had no intention 'for the foreseeable future' of merging the German mark into the long-delayed Euro-currency. Blaming France for the failure of the latest round of the GATT world trade talks, the Social Democrat Chancellor Bjorn Engholm said the threat of a new trade war meant Germany must rely on its own currency...."

Europe is fast approaching the moment of decision, and it does so as the euphoria about the collapse of commu-

nism and the economic benefits of the single market have given way to the kind of doubts about federalism which gripped the United Kingdom until this year's elections. Strikes in Germany, and German interest rates and inflation running at American levels, have dented the confidence of Europe's dominant economy. Other troubles follow. Civil war in Yugoslavia, political corruption scandals in Italy, political crisis and a resurgent right in France, and a caretaker government in Belgium. Then there is Greece stuck in economic crisis and running a freelance foreign policy toward Turkey and the Balkans, which has irritated the other E.C. foreign ministers.

Grand designs have a way of being derailed by sudden and unexpected political crisis, or by a failure of the economy to provide the growing prosperity that eases public resistance to unsettling change. Just ask Mikhail Gorbachev, who saw economic decline and the Moscow coup unseat him from the Kremlin and trigger the collapse of the last European empire.

Western Europe's most visionary statesmen have seen the grand project stalled or disrupted in each of the last four decades. In the 1950's there was the U.K.'s reluctance to join the European Coal and Steel Community, and in the 1960's General de Gaulle's veto on the U.K.'s membership and his insistence on the 'Europe des Patries,' and the years of Euro-sclerosis in the 1970's and early 1980's. And now comes another characteristic period of troubled introspection and eroding self-confidence.

This chastened mood will pass; it always does. And it will pass quickly because there are three separate and powerful forces of momentum which are pushing the European idea along.

The first is the economy. The Single European Act means the creation from the end of this year of a genuine single market with common standards and what amounts to a single customs system, open to citizens and companies from all of its members. Companies believe in it. The United Kingdom's Pilkington Glass is moving its headquarters to Brussels. France's Credit Commerciale, Spain's Banco Santander, and the Royal Bank of Scotland are setting up a trans-border computerized banking process. In the last four years, Japanese corporations have pumped \$40 billion into new production inside the E.C. to ensure access to what has become the richest market in the world. Back in 1988, the Cecchini report estimated the single market could increase the Community's GDP growth by an average of 4.5 percent a year. That may be too optimistic, but combine the single market effect with the eventual benefits of monetary union and Germany's massive investment into the former East Germany, and the 1990's appear to be a strong growth decade. Eastern Europe will take much longer, but on the E.C.'s eastern border sits the world's most dramatic growth potential, the 350 million former subjects of Stalin's old empire educated, and hungry for prosperity.

The second force is democracy itself, and this may sound flippant, but something rather important happened

last month when the U.K.'s House of Parliament decided to open their dining rooms and facilities to members of the European Parliament. For the first time, European m.p.'s were being taken seriously. The new block of German m.p.'s that follow Germany's unification are going to be joined by others from the new applicants, giving a numerical boost to the Community's only multinational democratic institution. The European Parliament is still waiting for its Pym's and Hampdens to translate its power of veto over the E.C. budget into real political authority, just as the English House of Commons did in the

Europe is fast approaching the moment of decision, and it does so as the euphoria about the collapse of communism and the economic benefits of the single market have given way to the kind of doubts about federalism which gripped the United Kingdom until this year's elections.

17th century. The individual national governments are jealous of the authority they wield through the Council of Ministers, and the European Commission steadily pushes the envelope of its own executive power. But almost unnoticed, the Maastricht Treaty has given the Euro-Parliament the right to ratify treaties, or block and amend E.C. laws by majority vote, and the right to be consulted on the appointment of new Euro-commissioners, and new chairmen of the Commission. In this decade, expect the Euro-m.p.'s to start making up the democratic deficit at the heart of Europe's institutions.

The third momentum is more mysterious, but may be the most powerful of all. In the long debate between 'widening' Europe (with more members) or 'deepening' it (with stronger federal institutions), the logical point has been lost that widening will have to involve deepening. The current E.C. structure is already unwieldy, with Council of Ministers meetings laboring through 12 ministerial speeches. Imagine how they will be when three or five or eight

new Ministers are added. New E.C. members will mean that today's 17 commissioners in Brussels could swell to 30 or more. Look for new proposals for a structural overhaul. Expect changes in the current system of rotating the E.C. Presidency to a new country every six months, an end to the tradition of at least one commissioner for each country, and more majority voting and fewer routine speeches in the Council of Ministers. In short, expect a streamlining in E.C. business which will increasingly look like a centralizing federalism in practice.

Moreover, these three forces are working on an entity which has already achieved a kind of critical mass, a geographical size, and an economic weight which are already forcing Europe to take decisions in a confederal way.

Witness the anguish over the current Uruguay Round of the GATT world trading talks: even though the U.K. wants to scrap the Common Agricultural Program, which is at the heart of the U.S.-E.C. debate over farm subsidies, and France wants to keep it, the European Community is negotiating as a single entity.

Witness also the debate over strategic security and the Atlantic alliance; the U.K. and Germany are determined to preserve a U.S. military presence in Europe, and France is pushing for a much more distinct European security identity. The result is the emerging compromise which is slowly but steadily establishing the Western European Union as the vehicle that will become the European pillar of the Atlantic alliance, while the U.S. role continues through NATO.

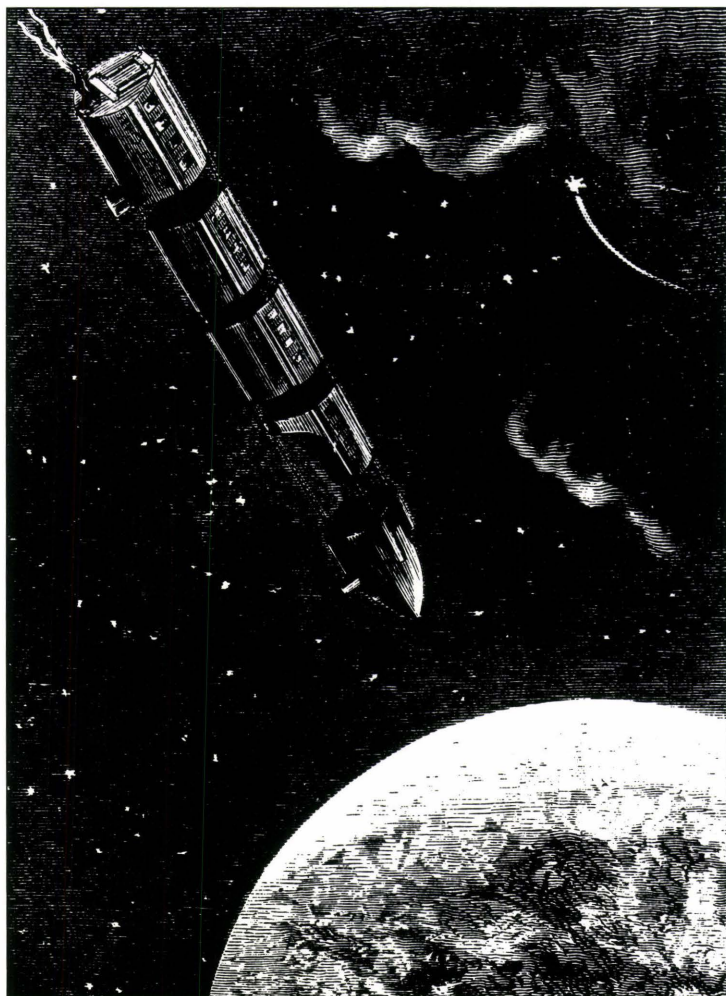
Never underestimate the capacity of politicians to squabble away a grand design, nor Europe's capacity to snatch crisis from the jaws of prosperity. But the momentum behind the Euro-bandwagon is now so strong that it would take something close to the failure of an entire political generation to derail it. ☹

Martin Walker, formerly the Moscow bureau chief for The Guardian, is now the Washington bureau chief.

EUROPE IN THE 21st CENTURY

By Axel Krause

There are no contemporary Jules Vernes-like works dealing with the future of Western Europe. Politicians, as we have seen, are readily willing to provide their vision of Europe in political terms. Economists routinely project their scenarios and forecasts. Specialized publications regularly present views of the future in such areas as aerospace, motor vehicles, electronics, and rail transport. Yet, few if any observers have attempted a bird's-eye appraisal of the future viewed from the perspective of the average European consumer, tourist, farmer, teacher, soldier, banker, and businessman. What will their worlds look like?



The following attempts to answer that question through futuristic, capsule sketches, and makes some assumptions: that the Maastricht Treaty is ratified by at least ten European Community member countries; that future E.C. heads of state and government share economic and industrial commitments to cooperating wherever possible; that French-German relations remain the pillar of European integration; and that Europe's economic growth rates remain relatively high, amid political, social, and military stability within the boundaries of the European Community.

TRAVEL. Sleek trains, cars, airplanes, and boats circulate freely within the E.C. borders, including through large, recently-built tunnels under the English Channel and the Swiss Alps, with no frontier customs checks and with the exception of the U.K., no passport control. Trains are ultra-modern, offering high-speed, sleeper, and automated-office services between all major cities, including a Madrid-Moscow line. Low-cost, regional airlines have linked many previously-remote areas. The single E.C. currency and universal use of bank credit cards has spawned an unprecedented travel boom, notably among youth in Central Europe and the republics of the former Soviet Union. Non-stop driving from Scandinavia to Sicily, with mobile, pan-European, satellite-linked phone and television service, is highly popular with tourists.

EDUCATION. Virtually every school system and university has "Europeanized" its curriculum, students, professors, and exchange programs. Language training has made the biggest strides not only in prestigious schools, but in a wide range of programs established in the most remote areas, such as northern

Scotland, Norway, and southern Sicily. German has overtaken French as the E.C.'s most popular language after English. History textbooks and teaching methods have shifted almost entirely away from traditional "national" orientations, amid widespread, mutual recognition of diplomas granted by E.C. universities. But the numbers of graduates migrating to other E.C. countries remain at their 1990's levels: less than 10 percent. Advanced European teaching aids, including computers, are making steady inroads, notably in former African colonies.

TELEVISION. Advanced, high-definition television is now common in most E.C. countries. With the proliferation of language training, an increasing number of European coproductions routinely operate in three languages: English, French, and German. The joint European network challenger to America's CNN, while still facing financial difficulties, has made important inroads in homes and hotels throughout Europe. Multilingual cultural programs and E.C.-financed films have made a startling comeback and are highly popular. European sports events continue to attract hundreds of millions of viewers, including many in the United States. More than a decade after the 1992 single market program ended, with greater convergence of tastes and habits, a "Euroconsumer" finally emerges, delighting advertisers.

MILITARY. A European army is deployed, containing more than 50,000 men and women under E.C. command—parallel to and coordinated with NATO. France and Germany provide the leadership and most of the funding; the U.K., Belgium, and Luxembourg also contribute. Deployment has occurred in Eastern Europe, north Africa, and other non-NATO areas. Weapons systems, while greatly scaled back during cost-cutting waves of the 1990's, are increasingly built on a pan-European basis, comprising mainly Scandinavian, German, French, and U.K. defense industries. A strict "Buy European" procurement policy has been adopted by all participating countries, causing protests by Washington and NATO. Former Soviet republics have joined the European defense programs, which have led to several joint ventures, notably in manufacturing advanced engines.

REGIONS. Concentration of political power in Brussels has revived economic, cultural, and ethnic unity in several regions, some united in previous periods of European history. Countries on the Baltic Sea, from Copenhagen to Saint Petersburg, are the most active, reviving the 17th century Hanseatic League. Turkey, now an E.C. member, leads a vast trading bloc stretching eastward from Istanbul through the Black Sea region to the former republics of Soviet Central Asia. Switzerland, also an E.C. member, leads a bloc comprising Bavaria, Austria, northern Italy, and the reconstructed former republics of Yugoslavia. Greece is forging a similar bloc in the Balkans. An E.C. Senate of the Regions, similar to the German Bundesrat, is functioning smoothly in Brussels, alongside a revitalized, 800-member European Parliament.

BUSINESS. Waves of successive mergers and acquisitions have greatly reduced the number of Europe's large corporations; only a handful of companies and banks now dominate their respective sectors, notably telecommunications, automobiles, electronics, and airlines. Following the shakeouts and tough, anti-trust campaigns led by the highly-powerful E.C. Commission, Japanese and U.S. companies have created new alliances with their European competitors. Investments in East and West Europe are booming making it the most popular area for American MBA graduates, after Asia. But profit levels are relatively low, and wages and government subsidies have remained high, clouding the outlook for the next decade. The bright hope: Europe's small firms which have recently, belatedly "Europeanized" their strategies.

AGRICULTURE. The dwindling number of E.C. farmers, now at seven million compared to over 11 million in 1992, symbolizes the "Americanization" of European agriculture. More efficient, highly automated, well financed and still heavily dependent on E.C. and government support programs, E.C. farmers compete more effectively worldwide. But vast rural areas are now deserted as farmers and their families have retired with no willing successors. The only bright hope, particularly in scenic, mountainous regions, is growing rural tourism. Many abandoned farms have been taken over by

young, dynamic businessmen determined to escape Europe's crowded, polluted cities; they offer cozy, no-frills lodging, local gourmet specialties, sports, and a farm setting. E.C. funding has been generous, amid signs that rural populations are slowly reviving.

BANKING. American and Japanese tourists are among the most enthralled. No more currency exchanging—except on entry into any E.C. member country. The new E.C. currency reflects the irrevocable linkage between all member-country exchange rates, and is traded everywhere. Bills are denominated in their E.C. value, as well as in national rates; monetary policy is now set by the independent Central European Bank based in Frankfurt. The currency competes directly with the dollar and the yen, linking nearly 20 currencies, including the Swiss franc and the Turkish lira. Automated cash machines, accessible through universal banking cards, now operate everywhere in the European Community. Financial services, including insurance, have become far cheaper. Stock exchanges are now operated through automated networks and under E.C. Commission rules.

E.C. PRESIDENCY. The three major E.C. organizations, the Commission, Council, and Parliament, now function under the authority of a European President, elected for a three-year term by universal suffrage. The post, created at the intergovernmental conference of 1996, corresponds roughly to the Presidency of the United States, but with far fewer powers. The Council remains the supreme decision-making body of the Community, which decides all issues on the basis of qualified-majority vote. Nevertheless, the E.C. President is considered a head of state, and is constantly seeking greater powers. This is proving difficult, because the E.C. now comprises 25 member countries, making the Commission and Parliament cumbersome operations. A spacious presidential mansion has been refurbished in Brussels for its present occupant, Jacques Delors. **E**

Axel Krause is a contributing editor for EUROPE and the corporate editor of the International Herald Tribune. He is also the author of the recently published Inside the New Europe.

FOUR VISIONS OF EUROPE

What is your vision of Europe in the year 2000—what will Europe be, what will it not be?

That question was put to four heads of government, and their initial answers appeared in my book *Inside the New Europe* published by Harper Collins in the United States in December 1991. The question was recently re-posed and the answers were fully revised, updated, and translated for the French edition scheduled for publication by Le Seuil in the fall of 1992.

The following selected excerpts were prepared for *EUROPE*:

By Axel Krause

**FRANÇOIS MITTERRAND,
President of France
(since 1981)**

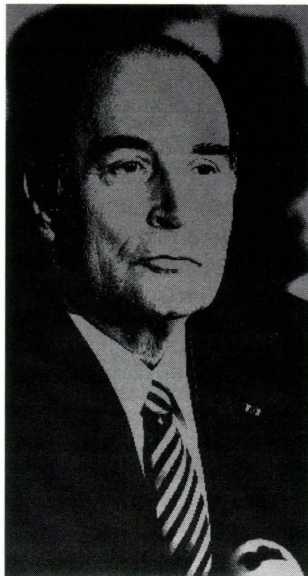
The major enterprise of my generation since the end of World War II, has been, and indeed still is, to free Europeans from the shackles of hatred and the inevitability of decline, to restore Europe to its rightful place, and to build a new kind of community with the free consent of the reconciled peoples of Europe.

The signing of the Franco-German Treaty in 1963 and its renewal in 1983 consolidated the European edifice, turning one-time adversaries into partners whose initiatives have proven essential in the construction of Europe.

Our economic and monetary goal is to achieve in three phases, irrevocably fixed parities, and ultimately, a single currency, at which point monetary policy and the single currency would be administered by a European Central Bank.

Our political objective is to transform the Economic Community into an entity with all the attributes of a union of states...a political and economic entity which has shown itself since 1957 to be an unflinching source of prosperity and progress, not only for the inhabitants of the 12 member states but for those of the 69 countries linked to it by the Lome accords; and it will be even more so once we have reached our objectives.

After January 1, 1993, the time will come for a strengthened and more coherent European Community to examine the applica-



tions for membership lodged by a number of countries. Under the Treaty of Rome, every democratic country in Europe has a vocation to join. But this also requires a commitment to observe all Community rules. Clearly, this will have to be done in stages. The many applications for membership, some of them already received and others foreseeable, are in themselves a tribute to the success we have had in the construction of Europe.

The European Union tomorrow will not make nations disappear...I refuse to oppose the idea of the nation to that of Europe. Let us then stay on course and prepare for the future, while keeping in mind our rich history and civilization but also the pain and discord of the past. Let us build the Europe that our Community foreshadows: the Europe of history and geography.

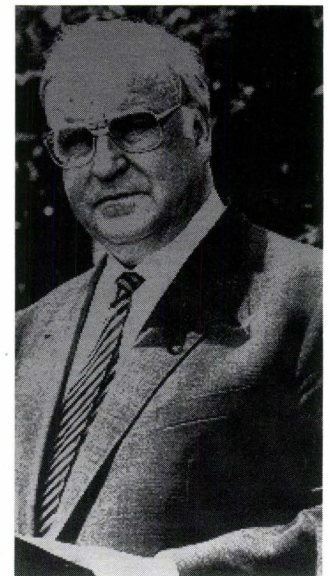
**HELMUT KOHL,
Chancellor of Germany
(since 1982)**

During the past three years, the face of Europe has changed radically. We are witnessing dramatic political, economic, and social changes in Central, Eastern, and Southeastern Europe, and the republics which took the place of the former Soviet Union. The nations of Europe are overcoming the painful, unnatural division of our continent. Germany has regained its unity in freedom.

Today Europe is entering a new era and is thus at a decisive stage of its development...I am convinced that overcoming the division of Germany will be a gain not only for the Germans but for all Europeans and will decisively assist European unification. Following the spectacular changes, we now have a greater opportunity than ever before in Europe to attain the goal defined in the preamble to the German constitution; the creation of a united Europe. Only the European Community can serve as the strong, dynamic nucleus and foundation of pan-European unification.

What are the main objectives? First, to progressively create economic and monetary union on the basis of objective criteria clearly defined. Second, to define a common foreign policy...to speak with one voice and to act in concert.

Third, to affirm an autonomous European identity in security and defense. Fourth, to develop a community approach to internal and judicial actions...to create a Euro-



pean police, Europol, to combat drug abuse and organized crime. Fifth, as part of a vast democratization, we need to reinforce the rights of the European Parliament...

Sixth, to begin membership negotiations with Austria, Sweden, and Finland and perhaps other EFTA countries. Seventh, to examine carefully ways to consolidate European institutions to take account of an enlarged Community. Eighth, a united Europe should not become a ditch...it should save and promote national identity, culture, and ways of life in each member country.

Two priorities should remain at the top of our agenda: European Union and a large, European structure. It is not a matter of choice, but two priorities of the same importance...the Community could risk becoming an improved free-trade zone. That is not and was not our objective in developing Eu-

A POLITICAL PERSPECTIVE

ropean unification. This proves clearly that we in no way want to keep our European neighbors at arm's length...that they become "second class Europeans."

**JOHN MAJOR,
Prime Minister of the
U.K. (since 1990)**

The essentials of my vision of Europe at the end of the century are easy to state and widely agreed; Europe at peace. Europe whole and free, democratic and prosperous. That part of my vision is, I believe, shared by every European.

The second half of my vision is more personal. Any vision must address the way Europe organizes itself. The institutions already exist. The key question is how will they develop? The most important will be the European Community. In the year 2000, we will look back on Maastricht as a turning point which set the course for the Community's future. Its main achievements were four:

—We ensured that the arrangements for economic and monetary development in the Community were practical and workable.

—We struck a good balance between the responsibilities of the Community and those of its individual member states.

—The new Treaty will enable us to strengthen foreign policy cooperation. Where we coordinate our response to world events, our collective voice will carry greater authority than that of any single country.

—We strengthened the Community as a Community of law. In the future, the European Court of Justice will have the power to fine member states who fail to live up to their E.C. undertakings.

One vision of the European Community would argue...that the

ultimate answer should be a Community with a strong single executive alongside a Council of Ministers functioning by majority voting. That vision is now looking somewhat out of date; the tide of reality



has turned against it.

By the end of the decade, Europe should have assumed greater responsibility for its own defense. At the same time, the United States will still be physically present in Europe, helping in our defense. The question we must answer over the next few years is exactly how a stronger Western Europe and the United States will work together to build peace and security in the whole of Europe. The Western European Union has sprung into new life as the vehicle for a new European defense identity—the instrument to give effect to CFSP decisions with implications for defense, the place for Europeans to coordinate their input into NATO.

Europe must also deal with the question of intervention. As we find in Yugoslavia, the peacemakers will always find this a thankless task with reverses as

well as successes. Work is already in hand at Helsinki for an important step forward—agreement of all 51 CSCE states on a range of measures to anticipate problems which could lead to armed conflict and to manage crises when they occur.

**JACQUES DELORS,
President of the E.C.
Commission (since 1985)**

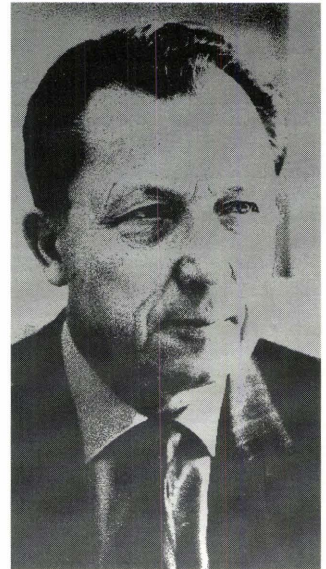
Will the 1990's be Europe's decade, as some of our leaders claim? The tremendous hopes that have blossomed since the collapse of the Communist system and the refund dynamism of the European Community would support this view.

Let us start, then, with the Community of Twelve...if it can develop internally, it will be in an even better position to help resolve the world's problems—monetary disorder, debt, underdevelopment, protection of the environment, and the scourges assailing society. But this presupposes a single currency and the ability to promote the convergence of national economies toward its ambitious goals of economic and social development.

Logically and over the long term, the Twelve will not be able to separate foreign policy from security. Tensions and conflicts will not vanish with the ending of the cold war. But with a European military force within an Atlantic alliance adopted to the new situation, the Community could help to guarantee respect for international law...this implies transfer of sovereignty from nation states to the Community. None of this, to be sure, will be possible without gradual reform of the Community's institutions, its decision-making processes, and its means of action.

The great achievement of the

authors of the Treaty of Rome was that they devised a system that has stood the test of time. The underlying spirit must be preserved as the Community's powers and responsibilities expand. The Court



of Justice will become a constitutional court. The European Parliament will assume the role of legislator in Community matters. The Commission will continue to be the prompter, the initiator of action, though it will have to share the right of initiative, even in foreign policy with the Council. The latter will retain the final say in major decisions.

So what shape will this wider European structure have taken by the year 2000? A common market; a monetary system—rather like the present European Monetary System—with a single currency based on the ECU; practical cooperation in specific areas (environment, infrastructure, research and technology, cultural matters); a Political Cooperation Council, involving regular meetings of the foreign ministers; a delegation of national parliaments. ☉

—Axel Krause



MUNICH



Most people associate Munich (*München* in German) with the world-famous Oktoberfest, which takes place every year in late September and early October and fills the city with thousands of dedicated beer drinkers. But Munich also boasts cultural events from the more rarefied end of the spectrum. For example, the Bavarian capital will be hosting the Munich Opera Festival between July 6 and 31, which will offer performances of major works by famous composers ranging from Beethoven to Britten.

Munich is an attractive city to walk around, too. Heavily damaged during the air raids of World War II, the downtown area is largely modern, giving the city an urban, avant-garde look unlike smaller, traditional towns in the surrounding countryside.

The main commercial area lies in a straight line along the Kaufingerstrasse between Karlsplatz and the Marienplatz. During the summer, the street is abuzz with the sound of musicians, street vendors outside the department stores and the chatter of tourists exchanging sets of directions to some of the city's best-known sights or beer halls.

Marienplatz is considered the heart of Munich. Tourists congregate here in front of the *Neues Rathaus* (New City Hall) to watch the Glockenspiel, a mechanized ritual featuring the symbol of Munich (a small monk called the Münchner Kindl). In the evening, the square is the ideal meeting place for an expedition to the world-famous Hofbrauhaus, a traditional beer hall two blocks away. Sturdy, no-nonsense waitresses in Bavarian costumes hold sway here, abruptly taking and delivering orders of the local brews (Hofbrau, Augustiner, Hacker-Pschorr, Spaten, and Franziskaner—to mention a few). Unfortunately, the beer hall has developed a reputation as a venue for pick-pockets, so always keep your wallet in sight. For a cheaper *mass* (the name for the liter-size portion of beer), take a trip to the Andechs monastery where beer is brewed and served on the premises.

Nothing is very far apart in downtown Munich. Adjacent to the Marienplatz is the Viktualienmarkt, in the shadow of the Peterskirche, where daily you can feast the eye, if not the stomach, on an amazing array of wurst, cheeses,

bread, meats, and fresh vegetables. A couple of minutes walk beyond the Isartor takes you to the riverbank and the Deutsches Museum, a science and technology museum displaying a phenomenal number of inventions. Munich's art museums, the Alte and Neue Pinakothek are also among the world's finest. Not as centrally located, visiting some of these museums may require using the city's excellent public transportation.

For the free spirit at heart, Schwabing is the Montmartre of Munich. Situated close to the University, its Italian cafés, bars, and bohemian atmosphere attracts people of all ages and persuasions. East of this throbbing night-spot is Der Englische Garten, a 600 acre park along the Isar where during summer many locals go to swim and sunbathe. Don't be surprised if they do so mainly nude. FKK (*Frei Körper Kultur*, or free body culture) is the password here.

—Maeve O'Beirne



Marienplatz is considered the heart of Munich.

CAPITALS



PARIS

POOCH POLLUTION

“Love me, love my dog.” No nation takes that saying more to heart than the French. They are so devoted to their canine companions that they take them everywhere—into restaurants, shops, parks (including those with a “No Dogs Allowed” sign posted at the gate), and *bien sur*, on daily strolls in the open air, where their four-legged friends regularly obey the calls of nature. Out in the French countryside the end products of a dog’s digestion are recycled naturally, but on the sidewalks of Paris they loom as a permanent

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public nuisance of staggering proportions.

Two-hundred-thousand Fifi’s and Milou’s live in Paris, and their owners, al-

most to a man, believe their darlings have the right to relieve themselves where and when they please. The municipal sanitation department,

keenly aware that the City of Light is going to the dogs, launched its first campaign against canine pollution in 1980. It tried to convince dog owners of their civic duty to train their pets to use the 1,500 miles of city gutters for their needs, instead of turning the entire city into a vast dog toilet.

But this first appeal, and subsequent others like it, met with complete failure. Promenading pooches continued to squat wherever the urge took them, and their owners ignored all the meaningful pictures of a dachshund with an arrow pointing to the gutter that had been stamped on street curbs.

So the city created a fleet of 100 “moto-crottes” to clean up the mess. Keen-eyed sanitation workers, astride a machine that is a cross between a motorcycle and a vacuum cleaner, cruise along the sidewalks, sucking up every offensive pile they spot. They cost the government \$8 million a year and are a constant source of amusement to the French public and no small embarrassment to the mayor of Paris, Jacques Chirac.

He is faced with the delicate dilemma of keeping Paris from sinking into the mire without offending (and losing the votes of) those Parisians who view any restriction of their poodle’s bodily functions as an infringement of personal liberty. In May he took the brave step of making “unauthorized defecation” punishable by law. Owners whose dogs “forget themselves” on



Two-hundred-thousand Fifi’s and Milou’s live in Paris. The French are devoted to their canine companions and take them everywhere.

the sidewalk are now liable to a fine of between \$120 and \$250. Fifty plain-clothes inspectors have the unenviable task of catching offenders in the act.

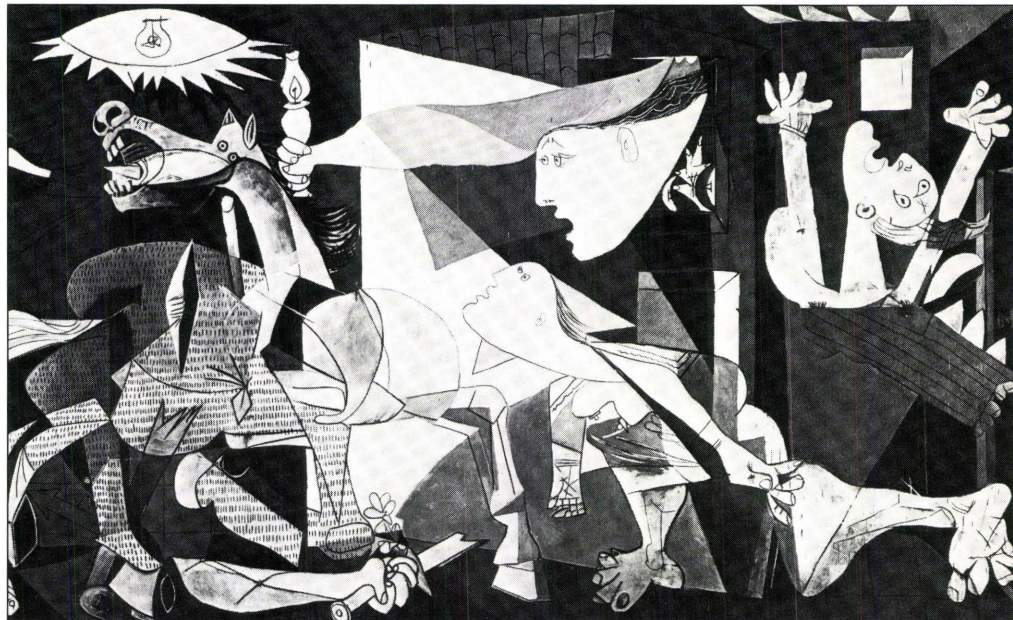
Paris City Hall is trying to play down its tough new approach by accompanying it with a whimsical and helpful publicity campaign. British cartoonist Ronald Searle created a series of funny posters showing how man and dog can behave as responsible citizens, and a cartoon strip with the same message was distributed in schools and apartment buildings. Pet shops and dog beauty salons have started selling a variety of implements designed to scoop up any accidental droppings as neatly as possible.

Yet animal rights' associations, which proliferate in France, are not happy with the new measures. They lament that the authorities have resorted to "repression" and point out that a "civic-minded" dog trying to do its business in the gutter often risks life and limb. A favorite sport among Paris bus drivers, it seems, involves charging full-speed at anything crouching in their path!

Mayor Chirac, ever mindful of his electorate, is looking into some way that dog excrement could be reduced at the source. He has asked a team of dog food manufacturers and veterinarians to create a dog food with reduced water content, resulting in dehydrated, harmless pellets. (Rumor has it that he was also looking for a dogfood containing a substance that, after elimination, would glow in the dark.)

At present, no such miracle solutions are at hand. Steep fines may, in time, do the trick. But for now it is still advisable to watch your step in Paris. Take your eyes off the ground too long and you are likely to find out what "putting your foot in it" truly means.

—Ester Laushway



Picasso's monumental painting, *Guernica*, depicts the bombing of the small Basque town of Guernica. [Detail]

MADRID

NEW HOME FOR GUERNICA

Pablo Picasso's *Guernica*, his famous painting depicting the horrors of war (some have called it the finest art work of the 20th century) has triggered a new battle of sorts in Spanish cultural circles after the government announced the painting is to have a new home.

Since 1981 and its return to Spain, the huge 11-and-a-half by 26 foot painting has been displayed in an annex of the world-famous Prado museum, as Picasso and his heirs wished. But the Ministry of Culture says it is to be moved this summer to the Centro de Arte Reina Sofia, the new modern art museum located just down the street from the Prado and named for the queen of Spain.

"It's outrageous to attempt to mutilate the Prado, wrenching this work from the museum by force," says Manuel Diaz Padron, a Prado curator who speculates that artists and collectors may not donate important pieces in the future if the Prado does

not honor its word on keeping those it receives.

Other supporters of the Prado hint darkly at political reasons behind the transfer as a bid to "breathe new life into the Centro de Arte Reina Sofia," where *Guernica* will be the centerpiece of its permanent collection of 13,000 works.

Last year, the Prado, which except for the Picasso piece is dedicated almost exclusively to classical art, attracted over 1.5 million people, almost three times the number that visited the Reina Sofia, only a short stroll from the older institution.

Another argument against the move is that the transfer could damage the painting, which will have to be taken out of its frame and rolled up.

"Technically, it's been said that the work should not be moved again for reasons of conservation," says Jose Maria Armero, the lawyer who arranged the return of *Guernica* to Spain from the Museum of Modern Art in New York.

And the wishes of Picasso himself should be taken into account, according to Armero.

"Our moral position when we negotiated the return...

was on the basis of Picasso's wishes that the painting be in the Prado," he says.

However, Maria Corral, the director of the Reina Sofia, notes that the decree establishing the modern art center stipulates it is to house all Spanish works of the 20th century and says she will not permit *Guernica*, now the property of the Spanish state, to be displayed anywhere else.

Many contemporary Spanish artists agree the Reina Sofia is the natural home for a painting commissioned in 1937 by the Spanish Republican government two years before its defeat by Francisco Franco in the civil war. The painting shows men and beasts in agony as bombs from the Nazi warplanes, which supported Franco, rain down on the Basque town of Guernica in a conflict that has been called the curtain-raiser for World War II and all its atrocities committed against civilians.

"The mural symbolizes the 20th century and for that reason it is not proper that it be displayed where it is now," argues artist Antonio Saura, a position echoed by many of his colleagues.

—Benjamin Jones



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ATHENS

GREEK HOOPS

Basketball fever is sweeping through Athens and the rest of Greece like a hot Mediterranean breeze. Outdoor basketball courts throughout Athens are constantly filled with children and adults and Greece's pick-up games are as much fun to watch as they are to take part in.

■

**The Greek
national team
pulled off one of
Europe's most
amazing upsets,
defeating a
tough Yugoslav
squad for the
European
Basketball
Championship.**

■

Greece's love affair with "basket"—as the sport is called here—began in 1987. In the summer of that year, Greece's national team pulled off one of Europe's most amazing upsets.

The previously-unheralded Greeks, led by former Seton Hall star Nick Galis, twice defeated the Yugoslav squad that included current NBA stars Drazen Petrovic and Vlade Divac. The Greeks went on to capture the European Basketball Championship in Athens, defeating the mighty Soviets, who also featured two future NBA stars—Sarunas Marciulonis and Alexander Volkov.

That unlikely victory not only set off massive celebrations around Greece, it

sparked a renewed interest in Dr. James Naismith's 100-year-old game. Greeks took to the courts in record numbers, and Greece's basketball "culture" grew.

Five years after Greece's championship season, the game's popularity continues to grow. One has only to travel through the streets of Athens, past the crowded public courts where bright-eyed youngsters work on their game, to see why this is true.

On a typical day in Athens, the courts are filled from morning to afternoon with school children taking the ball to the hoop and finding their range from outside. Their idols come from both Greece's professional league and the faraway world of the National Basketball Association, whose games are often broadcast on Greek television.

In the evening, the pick-up games become more competitive with the arrival of older, more experienced players.

Much like basketball in the U.S., the style of play is dictated by the location of the court. In the blue-collar suburbs of Peristeri, Nea Philadelphia, and Aigaleo, players are accustomed to a rough brand of basketball. Although not quite the epic Chamberlain-Russell battles of the 1960's, the competition is fierce.

To the north of Athens, in the posh suburb of Psychiko, the game is played with more finesse, emphasizing skill over power. Sons of Greek politicians and industrialists show off their jumpshots and dribble through the defense for lay-ups or occasional *karphomata* (slam dunks).

The games are almost always eventful, even if the players in question do not have Michael Jordanesque qualities. Heated arguments over rules abound. Play is often stopped to question whether a player took too

many *vimata* (steps). Emotions also flare when questionable calls concerning fouls and double dribbles are made, displays that would make even Bill Laimbeer proud.

—Leo Charitos

LONDON

WHETHER THE WEATHER

The United Kingdom has weather, the rest of the world has climate. This is the long-held view of many who believe that the British talk about little else besides their weather.

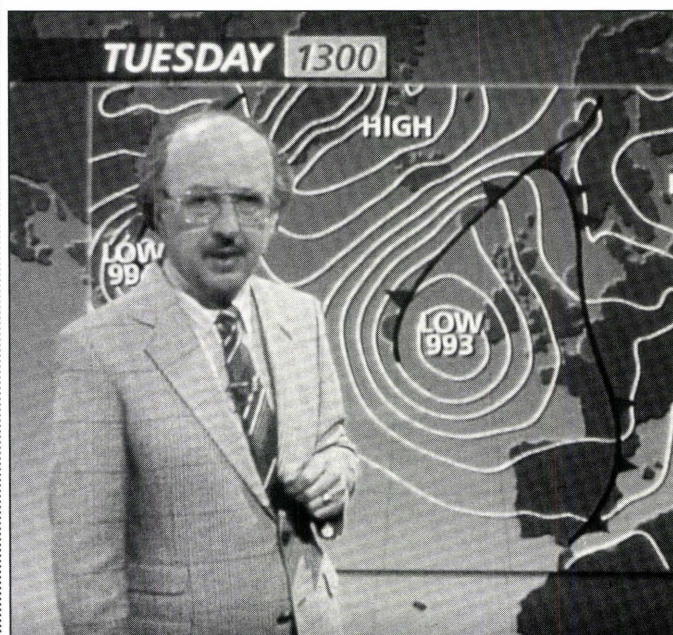
Weather is indeed the top topic of conversation between strangers, according to a survey commissioned by an insurance company planning to sponsor the weather forecasts on television. Given the British reserve and their obsessive desire for privacy, the weather is apparently the one neutral subject which one can safely discuss with strangers.

The salaries of weatherpeople on British television do not yet match those paid by the American networks, but the weathermen and

women are treated like celebrities. They are called upon for after-dinner speeches, the opening of new supermarkets, and (more appropriately) the inauguration of garden fetes in the summer.

Like news readers and anchorpersons, they are often more important than the news they deliver. A researcher at a London college had a team of students call a sample of people immediately after a television weather forecast and found that 70 percent of those who had watched the broadcast couldn't remember any accuracy the information they had seen. But they did remember who had presented the report.

If you need further confirmation that the British talk a great deal about the weather, it has recently been revealed that the weather forecast is the most frequently broadcast program in the United Kingdom. The BBC alone transmits daily over 40 weather bulletins on radio and television. It is also the most watched program in television, with many people tuning in specially at the end



The salaries of the U.K.'s television weather people do not yet match those paid by American networks, but the weathermen and women are treated like celebrities.

of the news to find out if it will rain the next day.

Rain—and whether or not to take an umbrella when you go out—is of course the reason why weather watching is so central to British lives. The weather here is highly unpredictable, and a day which begins bright and sunny can often produce a downpour just as you are leaving work to head home.

Weekends and weather are also inextricably linked. Fine sunny days during the work week are no guarantee that just as Friday draws to a close the clouds won't gather, providing at best a gray and at worst a wet weekend.

Recently, one of the BBC television channels devoted an entire evening to the weather. The special was called "Wet and Windy" and brought together learned discussions, humorous sequences, and two weather-related films, one by the American director Howard Hawks.

But, just in case you were beginning to think that the British must be an incredibly boring people, I should tell you that the researchers have also found that, after the weather, the next most discussed topic is sex!

—David Lennon

DUBLIN

A SCANDALOUS YEAR

Ireland has never known such a year for scandals and public debate on moral issues. In the past 11 months Ireland has seen a series of scandals, each more explosive than the one before, involving political and business leaders and even a Church of Ireland bishop.

Last September, dubious business practices were revealed in several corporations owned by the state. These allegations were followed by months of public hearings

about fraud in the beef industry and allegations of involvement by senior political figures.

Then came the Attorney General's injunction preventing a 14-year-old rape victim from traveling to the United Kingdom to have an abortion. The issue plunged the country into a moralizing frenzy, which took a political turn as Irish lawyers, professional and amateur, argued back and forth over abstruse constitutional points and whether

■

**Bishops were
pestered for
their reactions
to the fall from
grace of one of
their most
popular
colleagues.**

■

a vote for the Maastricht Treaty on European Union was also a vote for abortion.

The reason abortion came into the Maastricht debate was because the Irish government had asked for the treaty to include a special protocol ensuring that Ireland's constitutional ban on abortion could never be undermined by any E.C. laws. But after the treaty was signed, the Irish Supreme Court ruled that the so-called ban on abortion actually allowed a woman to have an abortion if her life was in danger. Many in the anti-abortion lobby argue that the Maastricht Treaty and its protocol are becoming an instrument to

copper-fasten abortion in Ireland.

While the country was wrestling with the tortuous arguments about Maastricht, probably the biggest bombshell burst—that Bishop Eammon Casey from Galway was the father of a 17-year-old boy. Not since the Middle Ages had an Irish bishop owned up to fathering a child. Casey admitted that he'd been paying child support to the mother, Annie Murphy, now living in Connecticut.

As people were trying to come to terms with this dramatic news, the scandal continued to unfold with Casey's confession that he had paid Murphy \$115,000 in 1990 out of Galway diocesan funds. Although Bishop Casey said that the money from the diocesan funds had been repaid with interest since his resignation, many have called for closer scrutiny of how funds are managed in all dioceses.

While the public hung on every word of Murphy's interviews, bishops were pestered for their reactions to the fall from grace of one of their most popular colleagues. Former priests who had left the priesthood to marry called for the allegedly numerous clergy flouting the rule of celibacy to come out in the open. Public reaction swung from initial sympathy with Bishop Casey to criticism about how he had tried to pressure Murphy into having her son adopted and then refused to acknowledge the boy as his son for 17 years. Many within the church fear for its credibility, especially regarding its standards for sexual morality.

While religious leaders shore up their ranks and business leaders reevaluate their ethics, politicians are wondering how the events of the past 11 months will affect the next election campaign.

—Joe Carroll

COPENHAGEN

DENMARK REJECTS MAASTRICHT

According to the Danish constitution, any issue that can be seen as potentially threatening to Danish sovereignty and cannot be agreed upon by a five-sixth majority in parliament must be decided by the people via a referendum.

Ratification of the Maastricht Treaty was sensitive and conflicting enough to lead to a referendum, and after months of intense debate, a slight majority of Danes voted against the treaty on June 2.

The two overriding issues in Denmark's decision regarded giving up sovereignty and the concept of federalism.

One of the Danes who voted against Maastricht explained, "Centralism is not right for a small peace-loving country like Denmark."

Another voter against the measure believes that the fear of a federal European super state was decisive, "The people voted "no" to the federal concept." Many Danes said their main concern was handing more power to bureaucrats in Brussels.

Hans Jorgen Nielsen of Copenhagen's Institute of Political Science offered an explanation on the Danish rejection, "This mood is not nationalism of the old kind... but the mood is about a sense of identity," explaining that Danes saw themselves as Danish first, and European second.

Poul Schlüter, the Danish Prime Minister, is in an obvious bind now. He has not ruled out a second referendum in the fall, but he must also respect the Danish constitution that guarantees Denmark's strong democratic traditions.

Denmark is due to take over the E.C.'s rotating presidency in January, but Danish officials acknowledge that Denmark will be in an awkward position if it does not first resolve its Maastricht rift with the other 11 states. "It would be a complicated situation, but I will do my duty," Danish Foreign Minister Uffe Ellemann-Jensen told a news conference. "It is not in the interest of Denmark that the European integration process stops—whether we are a part of it or not," he said.

Danish Finance Minister Henning Dyremose says that for now, "Denmark must keep the crown steady and maintain low interest rates." He continued, "only in this way can we rebuild Danish business's faith in the future and overseas confidence in Denmark."

—Pia Skaerbak

AMSTERDAM

A NEW HOUSE FOR PARLIAMENT

After 177 years the Netherlands government has refurbished the hall that has served as home to its 150-members of the second chamber of parliament.

The second chamber met for the first time in October 1815 in the old chamber, which featured viewing balconies for the most prominent visitors. Throughout history the hall has had many uses. It has served as a ballroom, a military hospital, and even a military training center. In 1830, the hall was used to seat 110 members of parliament, whose number was later reduced to 58 members. The number of seats was raised several times until it was finally established at 150.

As the second chamber of parliament, the balconies remained, but china fire places and other ornamental fea-

tures, which had endured since the time of King William I (who hosted glamorous balls in the hall), were stripped over time. And once the number of members had risen to 150, many portly Dutch m.p.'s had trouble squeezing themselves into the narrow, old benches.

Since it opened last April,

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**The hall that
houses the
Netherlands'
second chamber
of Parliament
once was used
as a military
hospital.**

■

people have come from all over the Netherlands to see the new parliament, designed by Dutch architect, Pi de Bruijn.

Influenced by the German Bauhaus and a fan of 1960's European architecture, de Bruijn had won a national prize for his design of a city center. He got the first telephone call about the parliament building in 1978. After being considered along with two other architects, de Bruijn was awarded the assignment at age 36.

For the parliament, he says he was inspired by the Greek's antique theater, Epidauros, and the new hall is reminiscent of a Greco-Roman arena with rows of seats rising upward. Spectators have a clear view of the chamber president and cabinet ministers, who sit down in the "arena."

Behind the president and ministers is a wall of glass and steel, intermittently deco-

rated with beveled glass. De Bruijn imported Brazilian golden granite for the floor and the walls and used pear wood for the seats, which are covered with purple leather. The chamber's carpets are a soft green.

"It felt like having to invent the wheel," de Bruijn says. "I think the chamber is typically Dutch, I mean sober and restful, and straight of the shoulder. However, it is prestigious but not glamorous."

—Nel Slis

ROME

EYES ON YUGOSLAVIA

Many have arrived in Italy, and they continue to arrive. The refugees from Bosnia-Hercegovina and other parts of what is now ex-Yugoslavia are fleeing the inferno that has engulfed their homeland. They are met at the border at Trieste and are sent to camps and hotels.

Thanks to dramatic television images, Italians are very aware that there is a full-scale war being fought just a few miles from their eastern border. Vivid images of the fighting are brought into Italian living rooms on a daily

basis—exhausted refugee women carrying bundles and small children; smoking, charred ruins of cities after an artillery siege; the crack of gunfire and men running for cover.

As the refugees stream into the country, it is hard not to notice their faces. Many resemble northern Italians, where centuries of common history and geographical proximity have mixed the peoples of the region irrespective of political boundaries.

Although Italians are frightened and moved by the sight of the refugees, they do not feel that they can bear the burden of this tragedy alone. "This is a problem that regards all of Europe, we can't take care of it by ourselves," said Margherita Boniver, minister of immigration.

"What is happening in Bosnia-Hercegovina is a terrible drama that demands an urgent commitment of solidarity," warned the Pope in an appeal for multinational involvement in ending the crisis. Historians recall that it was the tinderbox of Bosnia-Hercegovina and of the other Slavic areas that unleashed World War I. And Italians know that living next to a



Although Italians are moved by the sight of the refugees, they don't feel that they can bear the burden of the tragedy alone.

tinderbox is especially dangerous.

—Niccolò d'Aquino

LISBON

SIX MONTHS IN REVIEW

Many major decisions have been made during Portugal's six-month term, as President of the European Council. The post-Maastricht presidency, which ends this month, has been a particularly eventful and turbulent one, and Portugal has proven its ability to work effectively in European affairs.

With civil war escalating in the former Yugoslavia and the question of how to aid in the building of new democracies in Eastern Europe, Portugal has been instrumental in pulling the pieces together.

Among the many decisions that have been made during the past six months, one of the most significant was the radical reform of the Community's Common Agricultural Policy (CAP). The centerpiece of the farm policy reform, which was drafted by E.C. Commissioner Ray MacSharry, is a cut of about one-third in the price farmers are guaranteed to get for their cereals. This plan is intended to curb surpluses and shows that the European Community does not intend to be the stumbling block in the way of progress toward liberalized world trade. Portuguese Foreign Minister Joao de Deus Pinheiro stated during a GATT conference in Lisbon that "this clarifies the E.C.'s position on how far it can go in the area of agriculture."

Portugal also played host to the second international conference on aid to the former Soviet Union. The conference attracted officials from more than 50 countries and 12 leaders of the 15 former Soviet republics.

Lisbon proved to be a congenial setting for the signing

of a landmark agreement, which clears the way for the ratification of the 1991 Strategic Arms Reduction Treaty (START). In a short, but austere ceremony in the Winter Garden Room of Lisbon's Hotel Ritz, Secretary of State James A. Baker III, officials of Russia, and the three other nuclear-armed former Soviet republics—Ukraine, Kazakhstan, and Belarus—signed a protocol that requires these three republics to give up all of their nuclear arms to Russia to be dismantled by the end of the century and not to seek nuclear arms again.

Meanwhile, Portugal has put a few more important building blocks in the structure which is bringing Europe together.

—Martha Cronin

BRUSSELS

FIRST BELGIAN IN SPACE

Remember Herge, the well-known Belgian cartoonist who envisioned the first steps on the moon by Professor Tournesol? Well, it almost happened in April with

ments, using his name to sell products.

By American standards, the Atlantis flight was—almost—business as usual. The space shuttle carried a European-made space laboratory where astronauts could conduct a total of 10 experiments on the sun and the atmosphere. But Frimout, the oldest in the crew, realized an old dream that many Belgians have had thanks to Herge.

A civil engineer specializing in electronics, Dirk Frimout went to study at the University of Colorado in



Dirk Frimout (far right), a member of the seven astronaut team recently launched aboard the space shuttle Atlantis to study the sun, is the first Belgian to have been in space.

Russian Foreign Minister Andrei Kozyrev stated that this agreement, which involved several months of difficult negotiations, "is one of the most important international documents that has been worked on in recent times [reflecting] contemporary political reality and the fact that new independent states have appeared on the international stage."

As the E.C. presidency is passed on to the United Kingdom, many unresolved issues will be passed along as well.

Dirk Frimout, the first Belgian to go into space. The 51-year-old physician, born in the Flemish town of Poperinge, was lifted into space with a team of six American astronauts on March 28. He came back to Cape Canaveral after a nine-day trip. Upon his return to earth, Dirk Frimout became a national hero in Belgium. Songs were written to celebrate the historical flight. Newspapers published full-page accounts of the Atlantis taking off. Companies ordered special advertise-

1971-72. He came back to Europe and was hired by the European Space Agency (ESA) in the Netherlands to work with space laboratories. His dream, however, was simply to be called an astronaut. He missed a selection made by ESA in the late 1970's and then applied to NASA's astronaut program. NASA selected him last year.

With his soft manners, academic appearance, and modest attitude, Frimout has attracted a lot of public attention. Prince Philippe, proba-

bly the next king of Belgium, spoke with him over the radio while Atlantis was circling the earth. To Frimout, who addressed Prince Philippe in the most respectful fashion, the young prince replied, "Please Dirk, there is no protocol in space." A few days after his return, Frimout was surrounded by Belgian tourists who had spotted him in the streets of New Orleans. Frimout later went to their hotel to make a short address, and he received a standing ovation.

Back in Belgium, Frimout got a ticker tape parade in his native town of Poperinge and appeared on numerous television shows. Little notice was paid to a story published by the *New York Times* in May which revealed that a Belgian journalist, previously arrested for spying for Russia, was one of his closest friends. Frimout, the first Belgian astronaut, was already a legend.

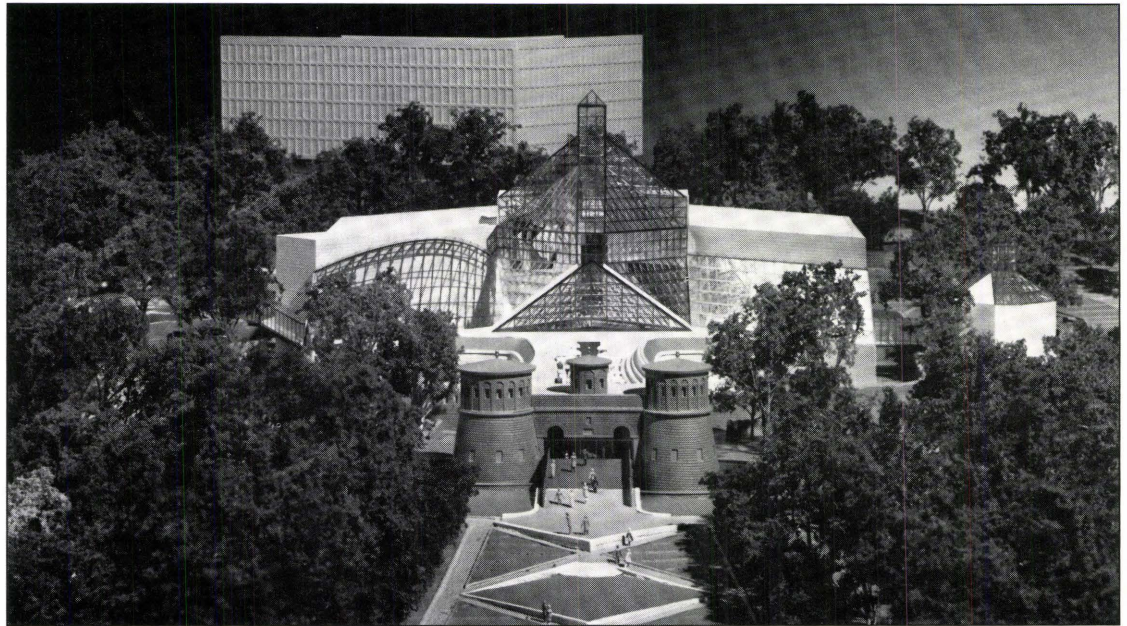
—*Christophe Lamfalussy*

LUXEMBOURG

PEI'S PROPOSAL

When the U.S.-based architect I.M. Pei proposed three glass pyramids as part of a new entrance in the courtyard of the Louvre, Paris immersed itself in a bitter debate over the design's merits.

Some denounced the project as sacrilegious, an unmitigated affront to the museum's 17th and 18th century splendor. Supporters pronounced it as ingenious, providing a much-needed focal entry while being minimally disruptive to the harmony of the surroundings. Pei's con-



A model of I.M. Pei's proposal to convert the remains of a medieval fortress into Luxembourg's new Contemporary Art Center.

cept prevailed and seems today as fundamental a part of the cityscape as the Eiffel Tower. And Parisians have long forgotten what riled them in the mid-1980's, moving on to attack "la grande bibliotheque."

Luxembourg is similarly engaged now in a debate on Pei's proposal for the city's Contemporary Art Center. Upon the invitation of the Prime Minister, the Grand Duchess, and others, Pei proposed a formidable complex with galleries, a cinema, and a museum store. The museum would be built on what is now the remains of Fort Thungen, a medieval fortress.

Pei's preliminary design envisages creating one entry between two turrets of the landmark fort wall, Trois Glands. In the preliminary design, a three-sided and four-sided glass pyramid would each rest atop its own arrowhead-shaped building. Huge expanses of glass would interplay with featureless stone walls, giving the building a seemingly transparent appearance. The interior designs have not yet been finalized.

Pei uses the architectural lexicon evident in his East

Building of the National Gallery of Art (in Washington, D.C.), the Bank of China (in Hong Kong) and the Dallas Concert Hall. Pei's works begin with one sharply defined geometric shape—a parallelogram, triangle, rectangle, or cube. This shape is then cut apart dramatically by other geometric shapes; buildings are punctuated with arresting sharp edges. Perfect balance, impeccable craftsmanship, enduring classicism, understatedness, and an element of surprise are some of the hallmarks of Pei's style.

"I think the consideration of the past is very important to me," Pei said in an interview in the museum's publication. "We can make what is there come alive...I think the fortress and the museum will become complementary.... We will make Fort Thungen known to many, many people because of the museum, and the museum will energize the fort, the archaeological site, even the stonework."

Generally conservative Luxembourg has not been completely assuaged by Pei's argument, remaining critical about a modern building

overwhelming a major historical site. It remains to be seen, though, whether opposition is so great that it will block a project that is supported by the Grand Duchess and the government.

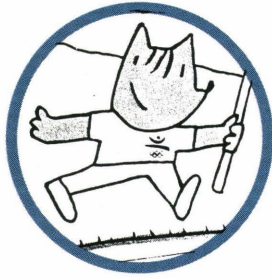
A greater challenge, perhaps, for the art center is building a collection to fill its galleries. There are no major private collections of the size and breadth needed as a foundation for a museum. And, given the strength of Europe's two leading contemporary art museums—Cologne's Ludwig and Amsterdam's Stedelijk—there is a question as to whether Europe needs or can support another.

In response, the museum counters that these are repositories for modernist works of the past century. Luxembourg's museum will collect and emphasize art as the 21st century unfolds.

Luxembourg's parliament is expected to consider the proposal before December, according to Paul Reilis, director of the National Museum of Arts and History. He is confident that they will vote "yes."

—*Jim Spellman*

S P O R T S



PARALLEL LANES

By Mike McCormick

At the 1988 Summer Olympics a 19-year-old Spaniard, Sergio Lopez, shocked the swimming world by winning a bronze medal in the 200 meter breast stroke. Another 19-year-old, American Mike Barrowman, finished a finger length behind him. Within a year the two became training partners. Barrowman went on to set the world record and has bettered it twice. To some extent he has Lopez to thank for his success.

"People ask why do I want to invite the fox into the henhouse," Barrowman says. "I think that if you can't beat your competition in the workout, you won't win the race. You can't train alone."

Obviously companionship is not the object. Their training is relentless. Every day they push. Whether it's a challenge to catch a sharply thrown medicine ball, or dig for an extra second in a lap duel, neither holds back. They can't afford to.

Lopez explains: "Training is worse than competing. Some days are really hard because

you're beat up and you really want to win and so you go harder and you get beat up more. I think I could train by myself, but I like it because he makes me work."

"I don't think anyone outside of a world-class athlete could understand our relationship," Barrowman adds. "Sometimes we only say a few words to each other during the entire workout. In the water it's really difficult...I like Sergio; somewhere down the road we'll be good friends. And I look forward to that day. But now we're trying to beat each other."

Lopez lived with Barrow-

man for seven weeks in 1989, but these guys are definitely not the Mahre brothers. With them it's no quarter given; no quarter asked. And the rest of the world's swimmers can only hope to duplicate their toughness.

"We fire bullets at each other," Barrowman admits. "I guess I'll be the center target. That's part of the sport. I've always enjoyed playing mental games, but at this level it's not fun. It's grating. But we know that once we get to the Olympics, everybody else is going to be doing it to us. So we have to work together first."

They met at a University of Michigan swim meet in 1987. Lopez was swimming for Indiana University and Barrowman was swimming for Michigan. The race was extremely close. Just as they finished, the scoreboard conked out. They had to wait for the scorers' print-out. Barrowman won by two one hundredths of a second, a new pool record.

At the Olympics it was advantage Lopez. Barrowman says he'd achieved his life's dream by qualifying and couldn't reprogram himself for a higher goal in the interim. A veteran of the Span-

ish national team since age 16, Lopez was more comfortable with the world-class level.

Both men learned to swim almost before they learned to walk. Lopez, who grew up in Barcelona, was heavily into the swim club scene there. His key performance was a second place in the 1984 Senior Nationals. Since that day he's been on the Spanish National Swim Team.

"I had the choice to go to the National Swimming Center, but I stayed in my swim club because my coach there was one of the best in the country," Lopez says.



Spaniard Sergio Lopez (left) edged out American Mike Barrowman for a bronze medal in Seoul, now the two are training partners and can't wait to race in Barcelona.

But he knew he had only a slight hope of gaining an education from his athletic ability in Spain. A friend on the Spanish National team had already landed a scholarship at Indiana University, and he suggested Lopez's name to Indiana's legendary swim coach James "Doc" Counsilman. Lopez jumped at the scholarship offer and became a Hoosier.

"It was really hard for me because I couldn't speak English," Lopez says carefully. "But people were really laid back. And the coach was a nice person. He's one of the best coaches I've ever met. I talked to him for an hour every day after practice. He taught me a lot about life."

Barrowman, on the other hand, raced for a swim club in suburban Maryland outside of Washington, D.C. At age 16 he won the National Junior Olympics. He was ready to get serious and started to train with Jozsef Nagy, a Hungarian who coached at the Rockville Swim Club.

Nagy speaks softly and carries a ruthless stopwatch. There's no place to hide in his workouts. By Barrowman's estimates 47 swimmers have tried to train with him and Nagy in the past five years. Only two—Lopez and Rocque Santos—have stuck it out for an extended period.

Santos, a Californian, defeated Barrowman at the U.S. Olympic Trials. Now he's the third ingredient in the 200 meter breast stroke pressure cooker.

"Too many coaches are too soft," Barrowman states authoritatively. "Nagy has a good European approach. He says, 'You stink, get back in there.' Sometimes we yell at each other, but I need that. Not many people can handle that. Europeans are willing to sacrifice everything for their sport. If you want to be an Olympic athlete, you have to think like that. I'm as red-blooded and patriotic as any American, but I think we need to emulate the European approach."

Nagy notes that Barrowman has his best times in big races, and he has high hopes for him at the Olympics, but ironically he'll be coaching Lopez because Spain will hire him and the United States won't. All the U.S. Olympic swim coaches are Americans. Nagy, who has retained his Hungarian citizenship, accepts the situation with a disgusted shrug. Barrowman is not as agreeable: "United States Swimming (the federation) is a backward organization. And the U.S.O.C. neglects their top athletes. They need to reset their goals if they want top results." Training continues de-

spite the situation. The combat has and always will be in the pool. The Olympics will commence on July 25 in Barcelona, and after thousands of laps, the two swimmers will race at least once more.

Mike McCormick is a freelance writer based in Maryland.

BARCELONA OLYMPICS FEATURE 25 SPORTS

This summer, from July 25 to August 9, the sporting world will focus on Spain, as Barcelona hosts the XXV Olympic Games. One-hundred-eighty-three countries will send athletes to compete in 25 sports, plus three exhibition sports.

Badminton, baseball, and women's judo, featured at the 1988 Seoul Games as exhibition sports, will be official

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One-hundred-eighty-three countries will send athletes to compete in 25 sports, plus three exhibition sports.
■

sports in Barcelona. The other 22 official sports in the 1992 Summer Olympics include—athletics, basketball, handball, boxing, cycling, fencing, soccer, gymnastics, equestrian events, field hockey, wrestling, swimming, modern pentathlon, weightlifting, canoeing, rowing,

tennis, table tennis, archery, shooting, sailing, and volleyball. This year, the exhibition sports are basque pelota (jai alai), roller hockey, and taekwondo.

The U.S. team will send athletes to compete in every sport except men's and women's field hockey, where they failed to qualify, and basque pelota, which does not have a U.S. organization.

The first of the modern Olympic Games (Athens 1896) were mainly track-and-field events (athletics) and a few other sports such as swimming and archery. In 1904, boxing was introduced and new games have been added at almost every Olympiad. In 1912 at the Stockholm Summer Games, female athletes were allowed to participate for the first time.

Since 1896, the level of competition has risen dramatically. New training methods and state-of-the-art equipment have produced results that the athletes could not have imagined. In 1896, the record for the 100 meter dash was 12 seconds, compared to 9.92 in 1988. The high jump has increased from 5 feet 11.25 inches to 7 feet 9.5 inches. Even more significant has been the increase in the distances of the shot put and the discus throw. The shot put increased from 36 feet 9.75 inches in 1896 to 73 feet 8.75 inches in the 1988. The discus throw also increased from 95 feet 7.5 inches in 1896 to a whopping 225 feet 9.25 inches in 1988.

In 1896, only nine nations took part in the Games. This summer, 183 countries are scheduled to compete in Barcelona. With all the changes in the Games over the years, the Olympic motto, however, has remained constant, "swifter, higher, stronger."

—Daniel P. Galo

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ARTS & LEISURE

ART

Kollwitz In America

An exhibition of many works by Käthe Kollwitz (1867–1945)—more than one hundred drawings, prints, and sculptures—will be on display at the National Gallery of Art in Washington, D.C. through August 16. This exhibition is not meant to be exhaustive, but is rather a carefully chosen selection of many of the German artist's finest works and includes preparatory drawings and working proofs that provide insight into the artist's technical development and continu-

ing struggle to refine her craft.

While many of her contemporaries were entrenched in the German expressionist movement, Kollwitz' style remained relatively conventional. She felt a strong necessity for her art to remain affordable and have a social purpose that was immediately accessible to the viewer. She once stated, "One can say it a thousand times, that pure art does not include within itself a purpose. As long as I can work, I want to have an effect with my art."

The young Kollwitz was highly influenced by the

works and essays of the Leipzig-born painter, sculptor, and graphic artist, Max Klinger. His seminal treatise, which favors drawing and graphic arts over painting for the expression and communication of ideas, convinced Kollwitz to abandon her early aspirations to become a painter and to concentrate instead on the graphic arts. In his essay Klinger states, "all masters of drawing develop in their works a conspicuous trend of irony, satire, and caricature. They prefer to emphasize weakness, sharpness, hardness, and evil. Out of their works burst almost

everywhere a basic tone: The world should not be like this! They practice criticism with their stylus."

Although the poor and downtrodden were a common subject of Kollwitz' works during her early years as an artist, her inspiration did not stem from a desire to provoke social change, but rather from her sense of the beauty of the subject. In any case, her works during this time were amazingly provocative. *Germinal*, 1893, a visual narrative of Emile Zola's novel about the plight of striking coal miners, was her earliest print cycle. *A Weavers' Rebellion*, 1898, was her first critical and public success, but the gold medal that she received for this work at the Greater Berlin Art Exposition was vetoed by Kaiser Wilhelm II, who considered the work to be subversive.

By 1908, her graphic art began to reflect contemporary concerns and her own personal experience. Although Kollwitz lived through violent and tumultuous times, she was more concerned with the portrayal of the emotional aftermath of violence than with the events themselves. Her haunting 1903 series entitled *Woman with Dead Child* was eerily prophetic of the later death of her own 21-year-old son who was killed during combat in World War I. The expression of this event is starkly revealed in such images as *The Mothers*, 1921; *The Volunteers*, 1920; and *The Parents*, 1923.

Kollwitz most certainly





"Basic Instinct" star Sharon Stone and director Paul Verhoeven were just two of Hollywood's glitteratti that migrated to Cannes Film Festival this year.

saw a great deal of suffering in her lifetime which is reflected in the eyes of the many self portraits which are on display in this exhibition. The exhibition opens, however, with a work entitled *Self-Portrait en face, Laughing, 1888*, and is a rare glimpse of a young and cheerful Kollwitz before she had taken on the conscience of a generation.

—Martha Cronin

FILM

Business and Pleasure at Cannes

Hollywood on the Riviera is what they are now calling the famous Cannes Film Festival. Once ignored by the Hollywood movie moguls, today everyone goes to the south of France for 12 days in May if they are a serious American filmmaker, deal maker, or power broker.

The festival became famous back in the mid-1950's when a budding starlet whipped off her top beside a startled Robert Mitchum and

a delighted crowd of photographers. It has never looked back since, and last year Madonna stole the limelight dropping her dress to reveal her bra and girdle.

But it's not all titillation.

■

**Film people
came to Cannes
to schmooze,
make contacts,
and sometimes
sign deals worth
tens of millions
of dollars.**

■

Cannes is more and more about business and American film business especially. This year over 1,500 American film people came to schmooze with old friends, make new contacts, and

sometimes sign deals worth tens of millions of dollars on cocktail napkins on the terrace of the Carlton Hotel.

This year, the festival's 45th, saw the largest American presence ever, and American films opened and closed the show. Nearly 30 percent of the films in the official Festival competitions were from the U.S., and a high proportion of the movies being screened in the Film Market, which runs at the same time, were also American.

The American media has also recognized that Cannes is a "must" on the cinema lover's calendar and there were hundreds of journalists from all over the States, including more than a dozen television crews.

The razzamatazz and the dazzle of Cannes with its exotically dressed "show business" characters did not hide the fact that today there were more bankers, lawyers, and accountants in business suits at most of the hundreds of cocktail parties and receptions than ever before.

Of course, there were still

plenty of starlets and wannabes waiting to be discovered as they paraded in skimpy dresses along the Boulevard de la Croisette in front of the elegant hotels which ring the bay.

But, behind all the hype and glamour of Cannes lies the serious business of financing movies. Finding investors, bankers, and distributors constitutes the serious subtext of the Festival's frivolous surface for the growing number of American participants.

—David Lennon

BOOKS

Earth in the Balance: Ecology and the Human Spirit. By Senator Al Gore. Houghton Mifflin. 368 pages. \$22.95.

Crosby, Stills, Nash, and Young, a popular singing group in the 1960's sang in their hit song "Woodstock" that "we've got to get ourselves together and get back to the earth."

Senator Al Gore, in 1992, in an excellent book *Earth in the Balance: Ecology and the Human Spirit* (which is currently on *The New York Times* bestseller list) has these same words as a central theme.

Gore definitely knows his subject matter. This reviewer is an environmentalist but certainly not a card-carrying member of any major environmental organization. However, after reading this well researched and lively book, I am inclined to get more involved in protecting the earth's environment.

And that is exactly what the senator from Tennessee and 1988 presidential candidate wants readers of his book to do. Gore feels that we have become separated from the earth, and we need to get ourselves together spiritually and redefine our role in relation to the environ-

Community Bookshelf

July–August

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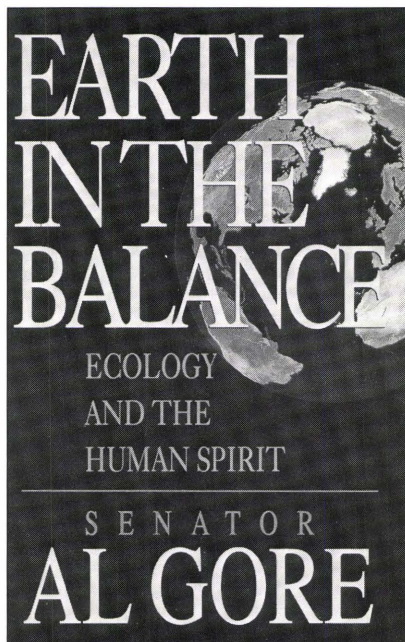
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ment in order to save the earth.

In an interview Senator Gore stated, "In writing the book I tried to range in my analysis across history, politics, religion, science, psy-



chology, philosophy, and economics because I think the ecological crisis is an outward manifestation of a deeper spiritual process in our civilization that involves our way of thinking in our relationship to the earth."

The senator discusses three dramatic changes that have taken place, including the population explosion, the technological and scientific revolution, and the new assumption that we are separate from nature and "entitled to exploit it without fault to the consequence of what we do."

Earth in the Balance is a pleasure to read. The author, a politician as well as an environmentalist, knows what he is talking about, which is very refreshing especially these days when Capitol Hill staffers are always feeding information to their bosses. No one needs to tell Senator Gore the facts on the environment. He presents them in a well-organized manner and

documents the facts from his many travels to environmental problem areas—from Antarctica (where he went to analyze the depleting ozone layer) to the tropical forests in the Amazon.

The other refreshing aspect is that Gore puts himself into the book. The idea for *Earth In the Balance* came after his son was hit by a car (he is now fully recovered). Gore says that this "single horrifying event triggered a big change in the way I thought about my relationship to life itself."

Gore's Global Marshall Plan may be a bit idealistic in an era of worldwide recession, but he is attempting to bring about a solution to our environmental problems. And as the senator says, if people change their own way

of thinking, then "the world can change."

I cannot recommend the book too highly. It should be required reading for everyone interested in the future of the planet. And I would hope that would include everyone around the globe.

—Robert J. Guttman

The Next Century. By David Halberstam. William Morrow and Company, Inc. 126 pages. \$16.95.

David Halberstam's *The Next Century* is more a retrospective study of the cultural and political climate of the past 50 years than it is a glimpse into the future. During the final two decades of the 20th century, the attitudes and subsequent actions of the United States remain entrenched in the glory days of this century, while Europe and Japan have been gearing up to enter the 21st century.

Although this book was published just before the col-

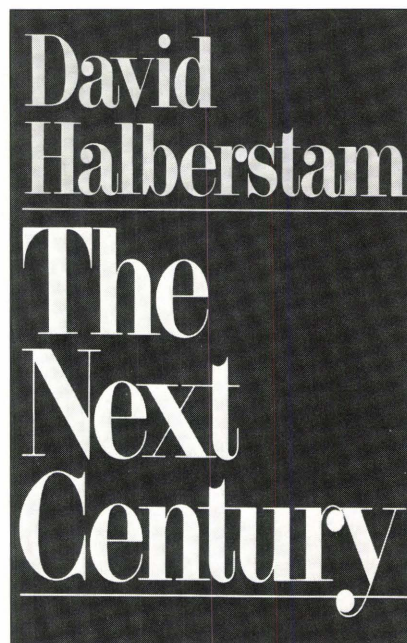
lapse of the Soviet Union, the observations Halberstam has put forward are no less insightful and provocative. The collapse of communism has only reinforced many of Halberstam's observations. He suggests that many of the basic cold war assumptions were inaccurate—that "a hard look at the Soviet Union would have revealed weaknesses everywhere." The fact that the old world order was based on the bilateral tensions between the U.S. and the Soviet Union placed these two giants in a position in which they were in effect "paralyzed" by the possession of the H-bomb, while Japan and Germany were able to capitalize on the deadlock by concerning themselves with commerce.

Halberstam goes on to examine the dramatic changes that have taken place in Eastern Europe. The presence of modern communications has made it impossible for people to live in isolation and ignorance. "We live in a wired world..." which he asserts combats the subjugation of peoples by making them aware of their conditions in relation to others. This knowledge of a better way of life, Halberstam suggests, is a "powerful force," and like Japan's post World War II impetus toward economic eminence, it may provide the energy that will pull Eastern Europe in line with the West, thus creating a stronger "Europe as a continent and an idea."

Halberstam's strongest message comes across in his critical analysis of the United States. The U.S., in his estimation, no longer stands alone as a world powerhouse and must recognize that the affluent lifestyle to which we

have become accustomed and even addicted to is no longer within our means. We remain addicted to oil; even though such dependence threatens national security, the U.S. does not tax oil enough to "impose any... discipline that demands a change in our life-styles."

Unlike Germany and Japan, the U.S. no longer places a high premium on production. We value those who shuffle things around more than those who make things, yet we refuse to accept the loss of our produc-



tive preeminence. Japan has become the scapegoat for our decline. Halberstam suggests that "If there were no Japanese, we would have to invent them."

Although he offers little prescription for change, Halberstam emphasizes the necessity for the U.S. to enter into the next century with the realization that we must align our politics with economic reality. He offers a quote from Gorbachev referring to East Germany's move toward democracy as a message to the U.S.; "History punishes those who come late to it."

—Martha Cronin

IN CLOSING...

The Dream Team



The games of the XXVth Olympiad in Barcelona may prove to be the most watched and most exciting in Olympic history, especially for American basketball fans. The excitement is due to the hype surrounding a breakthrough for the U.S. men's basketball participation. For the first time in U.S. Olympic history, players from the world famous National Basketball Association will be allowed to compete.

The U.S. team going to Barcelona will consist of eleven NBA players and one college player—a “dream team” of sorts. The best players from around the league were chosen, including Michael Jordan, Larry Bird, and Magic Johnson. Led by former Detroit coach Chuck Daly, the team is set to bring the gold back to the United States after a disappointing bronze medal finish at the 1988 Games in Seoul, South Korea.

With nine gold medals, one silver, and one bronze, the U.S. amateur team has compiled an overall Olympic record of 92 wins and two losses, dominating the sport since its Olympic debut in 1936. In the past few years, however, U.S. amateur teams have not been quite as successful in international competition, as many other teams, especially those in Europe, have begun to catch up to the U.S. skill level. The U.S. team has always been comprised of college players, who often faced much older, professional opposition.

The 1992 “dream team,” although heavily favored, may not bring home the gold as easily as many are predicting. A number of other teams have also secured NBA players for their national teams. The Croatian team signed the Boston Celtics' Stojko Vrankovic and the New Jersey Nets' Drazen Petrovic. Lithuania, one of the stronger teams, will start Sarunas Marciulionis from the Golden State Warriors, and Germany will feature Indiana Pacers star, Detlaf Schrempf.

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