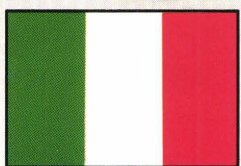
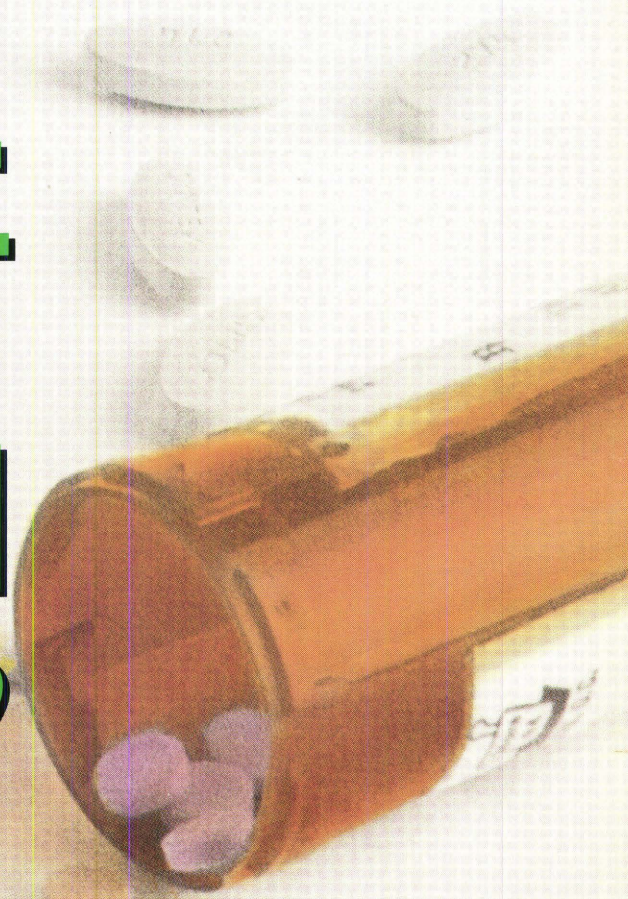


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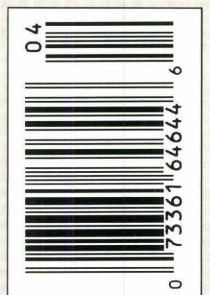
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**EUROPEAN
HEALTH CARE...
IS IT THE RIGHT
PRESCRIPTION
FOR AMERICA?**



Italy: Sweeping Away Corruption





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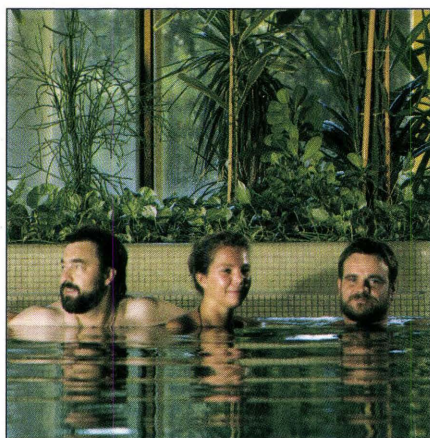
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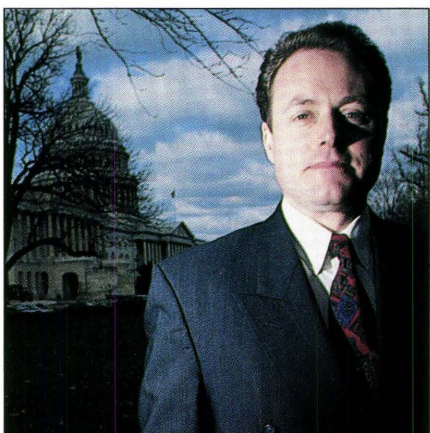
MAGAZINE OF THE EUROPEAN COMMUNITY



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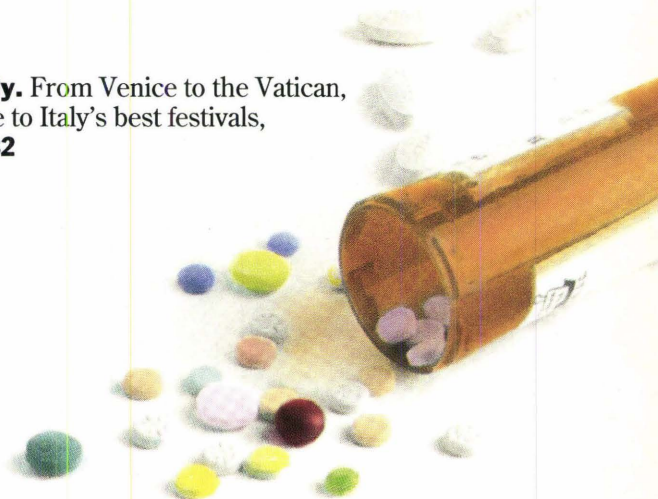
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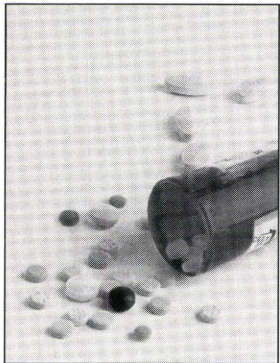
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Letter From the Editor

Health care reform has become the centerpiece of President Bill Clinton's domestic economic policy. As the United States works toward an overhaul of its health care system, many in the US government and in the health industry are taking a close look at the health care systems now in place in many of the countries of the European Community as possible models.

Our special issue on health care presents a profile of the health care systems throughout the European Community. *EUROPE* presents a survey of all 12 EC countries and their approach to providing comprehensive health benefits to all of their citizens. Health care is provided effectively across Europe, but the taxpayers pay for these services. The US, however, spends more of its GDP on health care than any single EC country, but the average European citizen receives more comprehensive overall health coverage.



Health care in Europe. Is it the right prescription for America?

Carola Kaps, with the *Frankfurter Allgemeine*, gives us a detailed examination of the German health care system. And Laurie Laird writing from London gives our readers a firsthand account of a hospital visit in the United Kingdom.

Germany, in addition to being mentioned as a model for the US in health care, is also considered to have an apprenticeship program that is quite effective in providing skilled workers for its employers. *EUROPE* provides an overview of the German apprenticeship program for our readers.

Italy is going through quite a political upheaval at the present time. *EUROPE* explores the chaotic situation in Italy and profiles the "good guys" who are helping to clean up the corrupt practices of the past.

EUROPE profiles Italy's new hero, Judge Antonio Di Pietro. To some the judge is an unlikely hero, but he is the man at the moment who is radically changing Italian politics with his tough stance on corruption. The former policeman, known as the "Corruption Buster," is fast becoming more popular than soccer stars.

We also look at Italy's role as an active participant in the EC, and discuss US-Italian relations.

EUROPE talks with a leading member of the European Parliament to learn what actually goes on in Strasbourg and what is meant by the "democratic deficit."

Next month we present our annual travel issue with an exclusive story on Provence by Peter Mayle. And we will discuss the Boeing-Airbus controversy.

Robert J. Guttman
Editor-in-Chief

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

EYE ON THE E.C.



IT'S TIME TO PUT TRADE SECOND

By Lionel Barber

There are few events more likely to set the European Community on edge than the arrival of a new US administration. Now that Bush, Baker, Brady, Hills, and Mulford are off to write their memoirs, Brussels must learn to deal with a host of new faces led by William Jefferson Clinton himself.

Transatlantic misunderstandings at the start of a new administration are inevitable, whether Republican or Democrat. What makes the current tensions between Brussels and Washington worrisome is that they reflect the widespread theory that EC-US relations after the end of the cold war boil down to economics and trade alone or as Lester Thurow, the MIT economist, puts it—a new era of “head-to-head” competition between Japan, Europe, and America.

The theory that EC-US relations should be guided primarily by the need to manage economic competition is not only simplistic, it is dangerous. America's relationship with Europe is based on far more than the perception of a common enemy; it involves strong ties of culture, kinship, and common values.

As former President George Bush pointed out in his seminal speech on US-EC relations at Boston University in May 1989, “There are certain to be clashes and controversies over economic issues.



President Clinton and President Delors met at the White House on March 18.

America will, of course, defend its interests. But it is important to distinguish adversaries from allies, and allies from adversaries. What a tragedy—if future historians attribute the demise of the Western alliance to disputes over beef hormones and wars over pasta.”

Mr. Bush had his weaknesses, but his great strength was in recognizing what needed to be placed in a broader context where vital alliance interests outweigh preoccupations with yesterday's beef hormones and pasta rows or today's arguments over steel, telecommunications, Airbus, or agricultural export subsidies. Failure to resolve these sectoral differences seriously risks compromising much-needed cooperation between the US and the Community in tackling the disorder in Europe, Africa, and Asia caused by the collapse of communism.

Both Brussels and Washington have a moral obliga-

tion and a historical responsibility to help the former communist countries of Eastern Europe, led by Poland, the Czech Republic, Slovakia, and Hungary, to make the transition to a market economy.

That is why the Clinton administration's preliminary decision to impose anti-dumping duties on EC steel producers appears misguided. It is more likely to close rather than open EC markets, more likely to deprive Eastern European producers of the chance to earn hard currency, and more likely therefore to generate calls for massive direct Western financial aid rather than the cheaper, more effective remedy of market access in the West.

The risks, in either the EC or the US, of making trade and economic competition the primary focus of their relationship are similarly obvious when it comes to the Yugoslav crisis. A protectionist, inward-looking America will find it hard to persuade Europeans of the virtues of an ac-

tivist foreign policy requiring the common use of military force against Serbia. Equally, a protectionist EC plays into the ambivalence of some Americans toward a more united Europe and makes it harder for the internationalists, who still command a majority in the US, to state their case.

Supporters of sound EC-US relations are already trying to find ways of building closer relationships between Brussels and Washington. One new group is the Transatlantic Policy Network founded by a group of MEPs who are seeking to strengthen the ties between US and European businesses to discuss business, legislative, and regulatory issues. Another idea is to expand the 1990 Transatlantic Declaration, building a more serious partnership between the US and European Community.

In the last resort, the best solution probably lies in a comprehensive agreement to the GATT Uruguay Round, if only because it offers the prospect of a common agreed framework for settling bilateral trade disputes which otherwise could easily spin out of control. GATT also offers one of the few obvious possibilities for boosting business confidence and promoting growth. Trade does matter, but it is far too important to leave to the experts.

Lionel Barber is the Brussels bureau chief for the Financial Times. He was formerly the Financial Times' Washington bureau chief.



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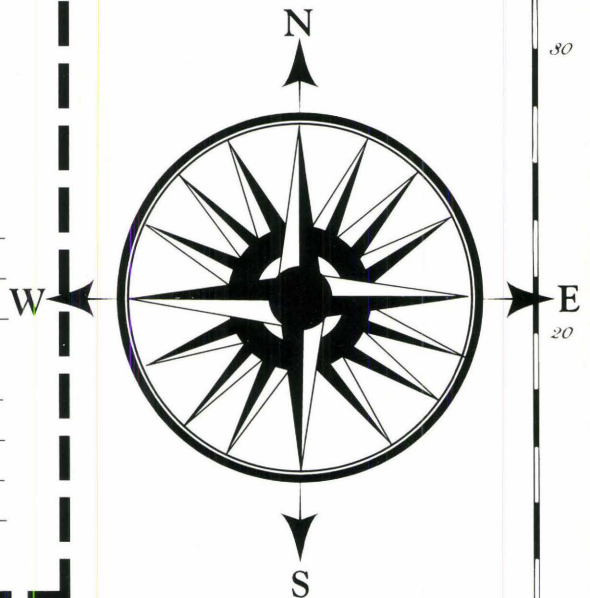
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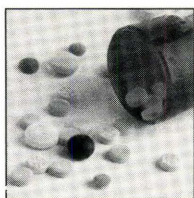
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HEALTH CARE THE US SEARCHES FOR A CURE IN AMERICA

By Ronald A. Taylor

More than a half-century after the idea first surfaced, a federal hand in ensuring the availability and quality of health care in the US has emerged as the centerpiece of the Clinton administration—and a primary cause of heartburn for the Washington lobbying establishment.

Controlling health care costs is no longer just another lofty intellectual notion to overcome the outrage of being charged \$1.50 for an aspirin during a hospital stay. Medical costs are a key element in the health of the economy. As things now stand, the US spends more money on health care yet the average citizen receives fewer services than in most other industrial nations (see page 15). According to federal statistics, the US is first among developed countries in per capita health care spending while ranking 21st in the world in the rate of infant mortality and coming in at 12th among the developed nations in life expectancy.

If President Clinton and his wife Hillary Rodham Clinton have their way, a plan that offers all Americans access to affordable care without setting up a nationwide government-run system will be under consideration in Congress this summer and on the President's desk for enactment by the fall.

But getting there will generate an intense legislative battle. Already, the administration is being sued to open up the working sessions of the presidential health care task force. That group of 400 policy thinkers is headed by the First Lady—and is devoid of representatives

that “things that aren’t thrown out for discussion get attacked a whole lot harder.”

As a then-obscure Arkansas governor, Clinton made health care a campaign issue early in his drive toward the presidency. Even while courting votes at a rally held on the grounds of one of the

sure that quality, low-cost health care is available to all Americans—as it is in most countries across Europe. The need is clear enough, too. For all its talk about being residents of the best country in the world, Americans do not stand tall among the world’s industrial countries on health care matters, yet they spend more of their GDP on it than do their counterparts in the European Community.

The snapshot of the dimensions of US health care is no better now than it was in 1935 when President Franklin Delano Roosevelt wanted a national health insurance apparatus as a companion to the then-revolutionary idea of social security insurance. With a tough fight on his hands to win congressional passage of his social security legislation, Roosevelt decided against taking on another battle to establish federal health insurance.

Over the ensuing half-century, a confluence of trends has resulted in an American health care network that is overpriced and overburdened, despite being an adjunct to one of the world’s leading medical research and development establishments.

In a chapter of the *1993 US Industrial Outlook*, the Commerce Department said health care spending reached \$838.5 billion in 1992, an 11.5 percent increase over 1991. It will rise to \$939.9 billion this year, it said.

In 1992, according to the Commerce Department, health care accounted for 14 percent of the nation’s gross domestic product, an all-time record. That amounts to \$3,160 for every man, woman, and child. That amount “is substantially higher than what is found in other leading industrialized countries,” the report noted. What’s more, it said, “Expenditures are projected to rise by about 12–15 percent per annum during the next five years unless significant changes in the health care delivery system occur.”

Moreover, health care spending will jump 12.1 percent to nearly \$1 trillion this year and will continue to climb at a double-digit pace unless the nation’s medical system is overhauled, as the Clinton administration hopes. The key battle this year will be over the future of America’s health care. The first skirmish has already begun. ☹

Ronald A. Taylor is a White House correspondent for the Washington Times.



In 1992, according to the US Department of Commerce, health care accounted for 14 percent of the nation’s gross domestic product, an all-time record.

of the health care monolith’s institutions.

Its proceedings have so far been largely closed to the public. That way, insiders say, the path to agreements is not inhibited by concerns about public scrutiny. “They’re trying to keep everybody out and have a freer discussion,” said one Washington health industry lobbyist. “That way there’s a whole lot less pontificating.”

For lobbyists, however, getting into those discussions is crucial. “Whatever emerges from those sessions is going to be the basis for the discussion on Capitol Hill,” said another health industry lobbyist. But the Clinton approach has its downside, too, he said, noting that a similar approach to crafting a health care reform bill during the 1970s led to the demise of the Carter administration’s hospital cost containment proposal. The problem, the lobbyist say, is

nation’s largest drug manufacturers, Clinton chided the health care industry to be more responsive and to make their output more affordable. Within days after being installed in the White House, he had placed the matter in the hands of his wife, who is highly regarded among the legal establishment. Last month, each of the Clintons blasted the pharmaceutical industry for overpricing.

As things now stand in Washington, setting events in motion that will result in such a plan being brought into the Oval Office for the President’s signature will require Bill Clinton to overcome the objections of medical professionals, insurance industry lobbyists, and even members of his own party—obstacles that were insurmountable for his predecessors from Franklin Delano Roosevelt to Jimmy Carter.

The idea is simple enough: Make



HEALTH CARE BRINGING BASIC CARE TO THOSE WHO NEED IT IN THE U.K.

By Laurie Laird

The shortcomings of the United Kingdom's state-run health care system have provided fodder for both the media and opposition politicians for many years, with the faults of the National Health Service (NHS) ranking behind only royal marriages and the battered economy in terms of press coverage.

Criticism centers on the overcrowding of public hospitals, with an increasing number of doctors describing lengthy waits for hospital beds, a handful of which have resulted in unnecessary fatalities.

According to the Patient's Charter, a manifesto launched by Prime Minister John Major outlining each citizen's health care rights, all UK residents are entitled to the full services of the National Health Service, including routine doctor's visits, hospitalization, and most everything in between. Most medical services are covered in full—money rarely changes hands.

A black and white illustration of a coffee cup on the left and a pencil on the right, both rendered with a stippled or halftone texture. The pencil is positioned diagonally across the page, overlapping the text.

EUROPE

Magazine Survey

Have a cup of coffee on us!

April 1993

Dear Reader,

EUROPE Magazine would like your help!

In an effort to continue to provide you with an up to date and informative magazine about the new Europe, its business and politics, and United States-European Community relations, we are conducting a readership questionnaire which is designed to assess your interest in our magazine.

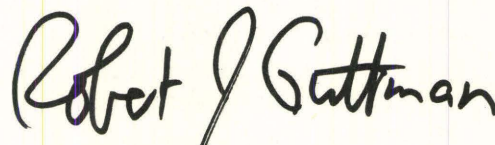
Because you are part of a small and select sample of our subscribers, your timely response is crucial to the success of our survey. *Be assured that all answers will be kept in the strictest confidence and will be used exclusively for the purpose of creating a composite of our readership for our own internal use.*

Please complete the enclosed questionnaire and return it to us as soon as possible. If you are one of the first one hundred (100) respondents whose completed surveys are received by our office, **you will receive a complimentary EUROPE Magazine coffee mug** as a token of our appreciation.

Thanks for being a valued subscriber to **EUROPE Magazine**. We greatly appreciate having you as a reader.

We thank you in advance for your cooperation and look forward to hearing from you soon!

Sincerely,

A handwritten signature in black ink that reads "Robert J. Guttman". The signature is written in a cursive style with a large, prominent 'R' and 'G'.

Robert J. Guttman
Editor-in-Chief

EUROPE

A confidential survey of our readers

Please indicate your answers by checking the box or by writing on the line provided. "Your household" refers to all persons living with you regardless of whether or not they are relatives.

GENERAL

(Please check only one)

(1) How did you first become aware of **EUROPE Magazine**?

- At the office/workplace
 At school
 At the library
 At a newsstand.....
 Other (Please specify) _____.

(2) How many of the last 4 issues of **EUROPE Magazine** have you read or looked through?

- 1 of the last 4 issues
 2 of the last 4.....
 3 of the last 4.....
 All of the last 4.....
 None of the last 4 issues.....
 Recent subscriber, have not yet received 4 issues.....

(3) How many other people besides yourself, at home, at work or elsewhere, usually read or look into *your copy of EUROPE Magazine*?

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- At home
 At the office/workplace
 At school
 At the library
 Elsewhere (Please specify) _____.

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- Under 4 months.....
 4 months to under 1 year
 1 year to under 2 years
 2 years to under 3 years
 3 years to under 4 years
 4 years or longer

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	More	Less	Same
Foreign Policy.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
-United States.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
-European Community....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
-US-EC Relations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
-Other.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Business.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Environment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

(b) Would you like to see *more, less or the same* amount of the following sections?

	More	Less	Same
EC-member country reports	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Interviews	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
-with US senior administration officials and Members of Congress	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
-with US governors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
-with European politicians.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
-with EC officials	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
-with business executives.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Travel.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Capitals.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Eye on the EC	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
US state reports.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
European city profiles	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Newsmakers/Personalities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Arts and Leisure	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
-Art exhibits.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
-Film reviews.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
-Book reviews	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
-Sports	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
In Closing.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

(c) Would you like to see?

	Yes	No
Expanded reports on non EC-member countries.....	<input type="checkbox"/>	<input type="checkbox"/>
-Russia/former republics.....	<input type="checkbox"/>	<input type="checkbox"/>
-Japan.....	<input type="checkbox"/>	<input type="checkbox"/>
-Other	<input type="checkbox"/>	<input type="checkbox"/>
(Please specify) _____		
Letters to the Editor	<input type="checkbox"/>	<input type="checkbox"/>

- | | Yes | No |
|-----------------------------------------------------|--------------------------|--------------------------|
| An entertainment calendar of events in Europe | <input type="checkbox"/> | <input type="checkbox"/> |
| More maps and graphs | <input type="checkbox"/> | <input type="checkbox"/> |
| More color photographs | <input type="checkbox"/> | <input type="checkbox"/> |

(7) Which of the following magazines and/or newspapers do you read on a regular basis?

(a) *Magazines*

- Business Week*.....
- The Economist*.....
- Forbes*.....
- Fortune*.....
- Condé Nast Traveler*.....
- Other _____

(b) *Newspapers*

- The Wall Street Journal*.....
- Financial Times*.....
- New York Times*.....
- International Herald Tribune*.....
- USA Today*.....
- Other _____

(c) If you read other magazines or newspapers about Europe, please specify _____

ABOUT YOUR BUSINESS/PROFESSIONAL ACTIVITIES:

(8) In what business or profession are you employed?

- Corporation
- Multinational.....
- Domestic (US only).....
- Banking/Finance
- Law.....
- Government
- US
- European.....
- Other _____
- Non-profit organization/foundation.....
- School/college/university.....
- Consulting
- (Please specify) _____
- Unemployed.....
- Retired.....
- Other (Please specify) _____

(9) If you work for a corporation, (a) please estimate its gross sales or revenues in 1992.

- Under \$500,000
- \$500,000–999,999
- \$1–10 million
- \$11–25 million

- \$26–99 million
- \$100–249 million
- \$250–499 million
- \$500–999 million
- \$1 billion or more

(b) please indicate the approximate number of persons employed.

- Less than 10
- 10–24
- 25–49
- 50–99
- 100–249
- 250–499
- 500–999
- 1,000–9,999
- 5,000–9,999
- 10,000 or more.....

(c) what is its main product? _____

(10) What category best describes your area of responsibility at work?

- Senior management.....
- Department management
- Financial management.....
- Marketing/Sales
- Consulting
- (If consultant please specify area) _____
- Purchasing
- Information/Communications
- Legal Counsel
- Other (please specify) _____

(11) What is your job title or position? (Please be specific: e.g., president, managing director, sales manager, lawyer, diplomat, etc.) _____

ABOUT YOU AND YOUR HOUSEHOLD:

(May we remind you that all answers are confidential and will be used only in combination with those of other readers to form a composite picture).

(12) Please check:.....Male Female

(13) Your age?

- Under 25 35–44 55–64
- 25–34 45–54 65 or over

(14) What is the *highest* level of schooling you have attained to date?

- College graduate.....
- Graduate degree.....
- (Please specify) _____

- (15) Which of the following amounts comes closest to your household income, before taxes?
- Less than \$25,000
 - \$25,000 to \$49,000
 - \$50,000 to \$74,999
 - \$75,000 to \$99,000
 - \$100,000 to \$249,000
 - \$250,000 or over

- (16) If you own an automobile, please indicate its place of manufacture.
- United States
 - Europe
 - Japan
- (Please specify manufacturer) _____.

- (17) During the past 12 months, have you used an overnight mail delivery service to Europe?
- Yes No
- (Please specify) _____.

- (18) During the past 12 months, have you taken a flight by commercial airline...
- (a) within the U.S.?
 - (b) to Europe?
 - (c) outside the U.S. (not including Europe)?
 - (d) on a U.S. carrier?
- (Please specify) _____.
- (e) on a European carrier?
- (Please specify) _____.

- (19) How many such flights did you take within the past 12 months...
- Number of flights*
- (a) within the U.S.?
 - 1 2 3 4 5 6+
 - (b) to Europe?
 - 1 2 3 4 5 6+
 - (c) outside the U.S. & Europe?
 - 1 2 3 4 5 6+
 - (d) for business?
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Dental care and optical care work differently. Only students, the elderly, and those on income support (earning a minimal salary) receive full dental care while the government picks up about three-fourths of the dental tab for the rest of the public. UK residents bear the brunt of eye care, with the exception of those in the reduced-income groups. Prescriptions of all sorts are provided to all at a nominal cost (usually about \$5 per item).

UK residents need simply to register with a local physician to qualify for such health care benefits. Medical treatment (except for emergencies) begins with the local doctor, who will refer a patient to a specialist or a hospital as need be.

However, the cost of basic health care shows up in an average pay check—British workers pay significantly more than their American counterparts in taxes. The average male worker earns the equivalent of \$26,000 per year but pays in excess of 40 percent in direct taxes. Add another 17.5 percent in value-added tax, levied on most consumer goods, and the average British taxpayer forks over about half his salary to the government.

Obviously, only a portion of taxes paid in the United Kingdom is earmarked for health care, as the UK retains a myriad of social benefits not seen in the US, such as perpetual unemployment benefits and mortgage support schemes. Official figures released by the Organization for Economic Cooperation and Development estimate the UK spends around 6.6 percent of its Gross Domestic Product on health care.

But such costs seem minimal when health care is truly needed, and this author's own brush with ill health revealed the positive aspects of socialized medicine. As a UK resident and taxpayer, I qualify for treatment under the NHS despite my US citizenship. Under NHS rules, I do not have free choice of doctors—I must choose from the five or so NHS practitioners in my neighborhood. Nonetheless, my local physician is competent and courteous, maintains evening hours, and has seen me on very short notice.

And the overcrowded public hospitals will take all in the case of an emergency—I was immediately booked into a bed after contracting appendicitis. The resulting appendectomy, although performed by an unknown attending doctor, was conducted with a minimum of fuss, and my recovery was expedient.

But fellow UK residents may beg to differ, including Gemma Daniels, a 29-year-old Canadian journalist with

London residency, who was told that she faced a minimum three month wait for a cervical biopsy. Since the biopsy was intended to scan for a fairly dangerous precancerous condition, Daniels was forced to fly to her native Canada for the procedure, rather than lose over two months of treatment in the case of a positive biopsy.

With the public sector borrowing requirement closing in on record levels, hospitals will encounter more and more difficulty in providing treatment for all, doctors say. A survey conducted by *Pulse*, a physicians' journal, indicated that many British health authorities reported a sharp increase in the number of patients waiting up to 17

months for treatment in the last six months of 1992. A second survey found that a similar portion of health authorities expect waiting lists to lengthen further in the next financial year.

Faced with stories of long waiting lists and overworked medical staff, an increasing number of British citizens have turned to the private sector for health insurance. Some 13 percent now pay for private coverage, up from four percent a decade ago.

Lucy Harigan, a 30 year economist, has subscribed to a private insurance plan for the bulk of her working life, to gain the advantage of choosing her own physician and appointment times. "It just gives you a lot more convenience—you can choose when you go to a doctor or a specialist," Harigan said.

Most hospitals take both public and private patients but give private patients more expedient service. "On the NHS, if you're a case that can wait, you will," Harigan added, noting that some non-essential surgery cases, such as hip replacements, can wait as long as two years for a hospital bed.

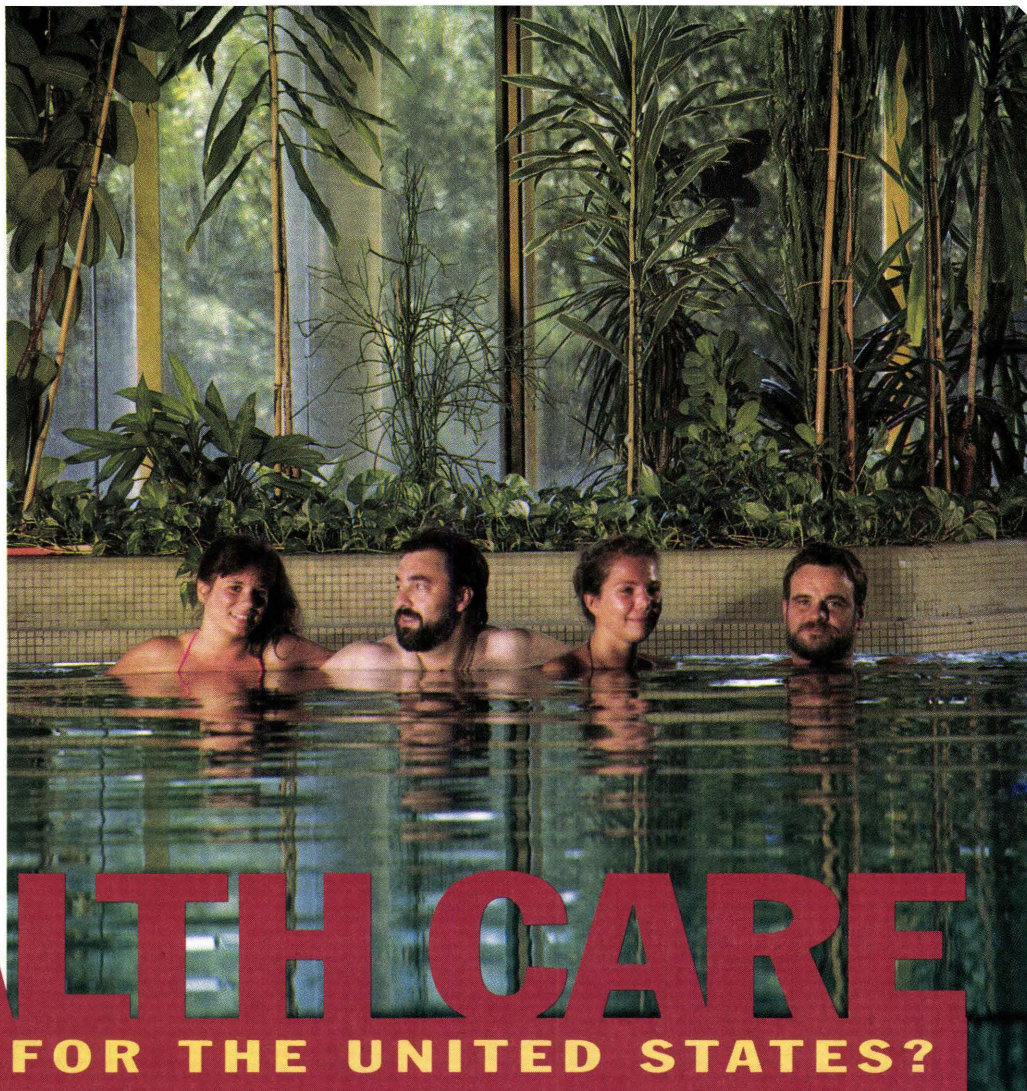
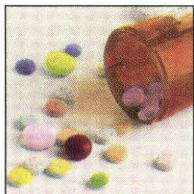
The Conservative government has shown concern about the state of the health service, however, and recently found another \$3.4 billion to fund projects intended to expedite treatment. However, most health analysts believe that the new money will be quickly eaten by emergency treatment, leaving some nonessential surgery seekers no better off.

But, shortcomings and all, the socialized program is still able to bring basic care to most of those who need it. Even Lucy Harigan, the long-time private insurance carrier, admitted that "for an emergency, the NHS is brilliant." ☺



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Laurie Laird is a journalist based in London. Her interview with Jaguar CEO Nicholas Scheele appeared in EUROPE's March issue.



HEALTH CARE A MODEL FOR THE UNITED STATES? IN GERMANY

By Carola Kaps

True to the saying that the neighbor's grass always looks greener, many Americans have long held the view that Germany is doing a much better job in running a comprehensive, affordable health care system than their own country. With the ascendance of Bill Clinton to the presidency, this view has now become official. Much to the surprise of the numerous visitors from Bonn, the President and his health care advisers are singing the praise of the German system. Back home, however, there is much grumbling these days about a system which is undergoing another one of an endless series of "structural reforms." Nevertheless, proud to have something to offer to the new US administration, German Foreign Minister Klaus Kinkel personally invited "Health Care Czar" Hillary Rodham Clinton to visit Germany and study the system firsthand.

Why Americans are attracted to the German scheme is easy to understand: everyone, even the unemployed and homeless, is insured and has access to virtually unlimited coverage. The fear of being "uninsurable" or becoming "uninsurable" because of preexisting conditions or because of a chronic disease does not exist. In the spirit of solidarity, the cost for such high-risk cases is shared by all the insured. Patients are free to choose their private physician; they pay their monthly premium and a small fee for prescription drugs, but they never see a doctor bill or a hospital bill. Most intriguing to American observers seems to be the fact that, from time to time, insurance coverage even allows for an extended stay in one of Germany's numerous spa resorts. All this is being done at about half the per capita cost of the American system. Whereas US health care costs have hit 14 percent of GNP last year and seem to be headed toward 15 percent unless reforms are put in place, yearly German health expenditures total around nine percent of GNP. Moreover, Germans managed, at least through the eighties, to limit the increase in spending for personal health services to a level that approximated the growth of its gross national product.

The essence of Germany's health scheme is a blend of government mandated financing by employers and employees combined with the private provision of care by physicians, controlled hospital expenditures, and administration by not-for-profit insurance organizations. About 90 percent of the population belongs to a statutory health insurance fund, one of the almost 1,300 health insurance funds, some of which date back to the very first Health Insurance Act of 1883. The remaining 10 percent, mostly people at the top of the income scale, purchase comprehensive coverage through 42 private commercial insurance companies. The government finances the bulk of care for civil servants, even though most of the government workers purchase private insurance to supplement that coverage. Insurance premiums average about 13 percent of income, with the cost split evenly between employer and employee. The premiums of unemployed workers are covered by their local government employment office. For the retired the pension funds pay a flat percentage of their pensions as a premium.

The distinguishing feature of statutory health insurance is the principle of solidarity. Since the contributions paid are based exclusively on personal wages or income, the age, sex, and the insured person's health situation play no part in determining the rates. The entitlement to medical benefits is independent of the amount of contribution paid. A further feature of solidarity is the fact that spouses and children are included in the insurance without additional contributions. Privately insured persons do pay more and have more privileges, as doctors receive higher fees from private insurers. Most of the time privately insured patients have less waiting time in doctors' offices, do have access to private rooms in hospitals, and are being cared for personally by "Herr Professor," the chief doctor or chief surgeon of a hospital.

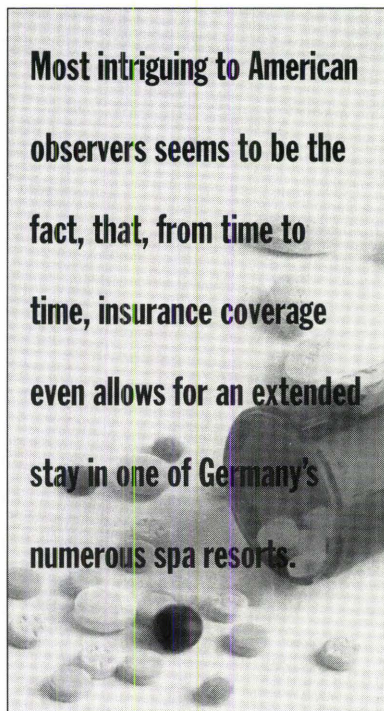
Each year the health insurance funds calculate the amount of money they will need for self-sustained operations. To collect that amount, the funds are empowered by law to set the rate at which employers and employees contribute. Except for their overhead, the health funds pass the collected insurance premiums to the regional associations of physicians. The associations, in turn, reimburse eligible physicians for medical services rendered on the basis of negotiated fee schedules. The yearly negotiations of the allocation of insurance payments are in most cases non-controversial. They are conducted in a spirit of cooperation among federal and state officials, insurance providers, and the association of physicians and other health workers. The lack of controversy and the degree of satisfaction with the financial rewards are obvious incentives to enroll in medical school. Germany educates far more physicians per capita than the United States. Between 1979 and 1989, while the total

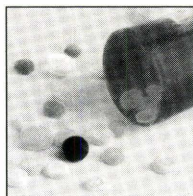
population of West Germany was declining, the number of practicing physicians grew at an annual rate of about 3.2 percent. In contrast, Germany has a serious shortage of nurses, reflecting their much lower pay and lower social status than the physicians.

Cost containment is practiced in a variety of ways. The ultimate control on health care cost is the linkage between cost increases and wage hikes. Tightly restricting access to hospital care and limiting the numbers of high tech equipment, like CAT scanners and MRI machines, are other features of the official efforts to keep costs under control. By emphasizing preventive care instead of the far more expensive curative medicine and by trying to inform and educate the population about health risks and healthy living as much as possible, local, state, and federal authorities are trying their utmost to prevent an explosion of the health costs.

Nevertheless, the German health care system is afflicted by the same problems of explosively rising costs and ever increasing benefit demands as the American system. As the German population grows older, the cost of health care soars. The government's newest answer is the Health Structure Act of 1993. It combines features of more competition among the health funds, with outright expenditure caps for hospital costs and doctors' fees. For the first time ever, the government will restrict the number of doctors being admitted into the statutory health care system. Not nearly enough, say the critics; other cost containment acts will have to follow. ☐

Carola Kaps writes for the Frankfurter Allgemeine Zeitung from Washington, DC. Her article, "Partners in Leadership," appeared in EUROPE's July/August issue.





HEALTH CARE NO LONGER FROM CRADLE TO GRAVE IN SWEDEN

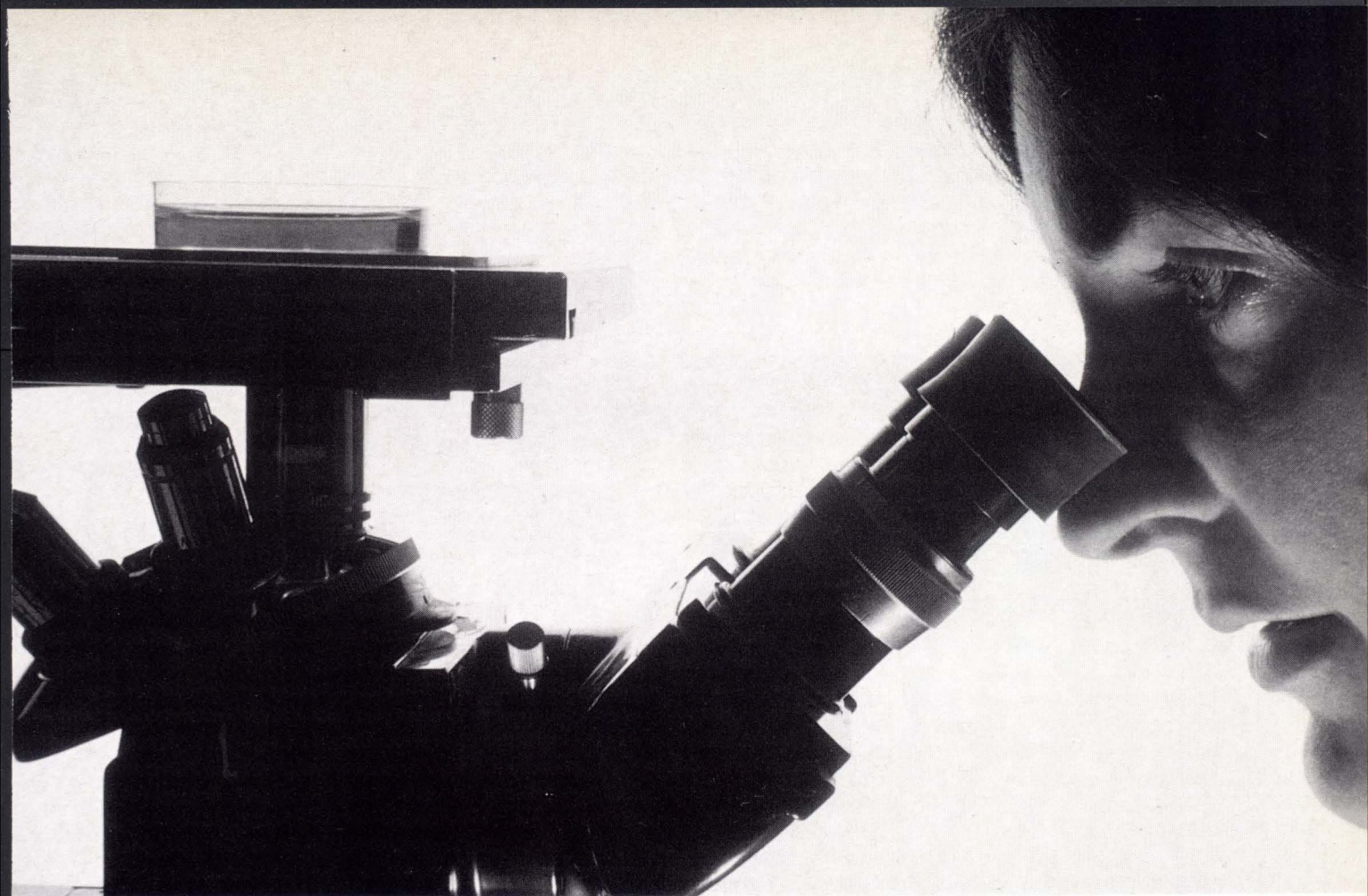
By Jonas Weiss

With President Clinton advocating a more state-oriented approach to national health care for the United States, Sweden is ironically in the process of dismantling a system which was once the western world's model for government provided health care.

"The age of collectivism is over now," said then newly elected Prime Minister Carl Bildt in his inaugural address in the fall of 1991. After 60 years of almost uninterrupted Social Democratic rule, the Swedish voters placed their faith in a right-wing coalition led by Bildt, the young leader of the Moderate Party (Sweden's conservatives) with a taste for Reaganomics.

With a soaring budget deficit, negative economic growth, and unemployment rising to unprecedented levels, something was truly rotten in the welfare state that for so many years had prided itself on being able to provide for all of its citizens. That included health care. As Bildt outlined his proposed reforms before the Swedish parliament, however, privatization of medical care was high on his priority list.

"Swedish medical care is characterized in many ways by high professionalism and quality," he conceded, "but, nonetheless, the present organization does not meet the requirements which must be imposed on a functioning health service. Queues are too long. The organization of the health service is characterized by too much central plan-



ning, inertia, and bureaucracy.”

Based on the principle of freedom of choice, Bildt's government is working for the gradual introduction of small, private practices to take over part of the primary health care sector. The idea is to make it possible for everyone to choose their own family doctor, where the local hospital has been the only place to go until now. The reform is to be completed by 1995.

After a review of particular areas in Sweden where the private family doctor system has already been introduced and which was characterized as overwhelmingly positive by the Social Department, which is in charge of the reforms, the government has pushed ahead with a detailed plan that would make private practices an integral part of Sweden's primary health care. The plan also proposes a so-called “producer-neutral” system of reimbursement, which would make no distinction between private and public physicians when it comes to payments for services rendered.

The stated objective is, of course, to create more competition among physicians in the hopes of bringing down

prices for the consumers, in a sector where skyrocketing costs have put a big dent in the government budget over the last few years. It is, however, a rising cost from which the average Swedish recipient of primary health care has been largely protected—until now.

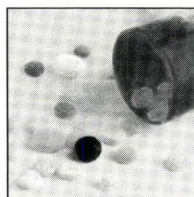
In the crisis package which was revealed, with bipartisan support, to parliament last fall, the government proposed an increase in individual employee contributions to sickness and occupational injury insurance by a total of \$761.5 million, saving the government an equal amount of money, since the Swedish state has been largely responsible for providing health insurance to all. Under the new model, workers, labor unions, and employers will share the total insurance cost; however, the fundamental legal guarantees for health insurance and entitlement to insurance benefits would still remain intact for all Swedes. The projected long-term savings in the national budget as a result of these reforms would be \$5.91 billion.

Furthermore, a reduction in sickness and work injury benefits would cut some government expenditures at the other end as well, namely another \$590

million. These savings include abolishing completely the employee health benefits for the first sick day, down from the previous 75 percent. Benefits for the second and third day of absence would still be 75 percent of income, as before. Benefits for long-term illnesses would remain basically the same.

Although these reforms are astonishing in themselves for a country whose social system gave birth to the concept of the “Third Way” between Soviet-style socialism and American capitalism, the fact that there was virtually complete bipartisan consensus on the plan is almost even more amazing. With Sweden heading for fiscal disaster last fall, there seemed to be a sense, both among the political parties and in the population as a whole, that some form of sacrifice was necessary to help the government out of its budgetary pit. The government may give up health care as Swedes have known it as one of the first attempts to save the ship. ☐

Jonas Weiss is a freelance journalist based in Stockholm and Washington, DC. His article “A Winter in Provence” appeared in EUROPE's March issue.



HEALTH CARE

A LOOK AT ALL THE SYSTEMS

IN EC COUNTRIES

Every EC country has its own distinct health system. The following is a brief outline of each national system:

BELGIUM

The health care system of Belgium is covered under its social security system. This system covers three groups: social insurance in the private sector for wage earners; social insurance in the private sector for the self-employed; and a social protection system in the public sector for permanently appointed civil servants. The right to an allowance depends on contributions made (employee's wages and the earnings of the self-employed) during a certain period of working time. Others are protected through a residual system of social assistance benefits.

The Belgian system offers:

- The "unquestionable right" of each citizen to a minimum income.
- The right of the elderly to a guaranteed income.
- Guaranteed income allowances for the handicapped.
- Guaranteed child allowances for those not able to claim them under the Social Security System.

Belgium has two types of social insurance allowances: the replacement income and compensatory benefits. Replacement income makes up for income lost through sickness, unemployment, or old age. This is equal to a certain percentage of the lost income and thus guarantees a person's standard of living. Compensatory payments are flat-rate payments compensating for medical care and the care of children. A fixed allowance per child is provided.

All medical care expenses are partially reimbursed (medication, etc.), but the medical care itself is free. The relations and fees charged among the physicians, hospitals, and health insurance providers are regulated—this is the basic care and insurance. Additional services are available at cost.

DENMARK

Denmark's health care system is governed by the Ministry of Health. The government runs two central agencies: The National Food Institute and The

National Board of Health.

Each agency has authorities at the local level responsible for the program's administration. About 93 percent of public health costs are paid by the counties and local authorities, which finance costs through taxes and block grants from the state.

Physicians and general practitioners are paid in accordance with the National Health Insurance Scheme. A physician can run a private practice on his own or with other physicians. The doctor's professional organization and the National Health Insurance Board calculate a scale of fees from which he derives his income.

Child Care/Maternity Leave.

Pregnant mothers are entitled to six months of paid maternity leave, their jobs guaranteed upon returning to work. A pregnant woman has her prenatal care with her family doctor and a midwife at the local midwives center. She is offered several examinations before and after giving birth, all free of cost. Local authorities are notified of all births

and are responsible for the care of the mother and child. This takes the form of several visits to the home by a health nurse, depending on the need of the child and family.

All children are entitled to eight preventive health examinations between the ages of five weeks and five years. Also, all children receive free vaccinations against diphtheria, polio, tetanus, and whooping cough. Inoculations against measles, mumps, and German measles are free to all children under thirteen.

Medical Care. Individuals over sixteen may choose their own physicians. They can also use home nurses and local social services free of charge. All medication is sold by state authorized dispensary chemists. The National Health Insurance Scheme refunds a part of the expenses. Elderly and those with severe diseases and disabilities are not charged.

If, after consulting a physician, a patient requires a hospital stay, there is no fee if the patient is a resident of Denmark.

Elderly. The elderly are taken care of through home nurses (free of charge), or if they require intensive care, they can go into nursing homes. Local authorities pay for the main expenses, with the patient paying according to his means.

FRANCE

France has universal access to health care due to *sécurité sociale* and its health insurance plan, which finances or reimburses the costs of health care for both French nationals and legal aliens. This is funded by mandatory contributions by both employers and employees. These are managed by National Health Insurance Funds which are administered by boards of labor union delegates and employee representatives. Thus, the government does not pay for the insurance, and it is not subject to parliamentary vote. The government determines rules and regulations by law, in addition to the approval of rate agreements.

Child Care/Maternity Leave.

Sécurité sociale offers 100 percent reimbursement for all medical care and tests encountered in pregnancy and in the care of a child up to six years of age. The working mother also receives a "daily indemnity" for maternal leave of 16 weeks, moving up to 26 weeks with the third child.

Medical Care. *Sécurité sociale* covers 100 percent of medical costs and provides for daily indemnities of 50 percent of real wages lost and a disability pension if the person is unable to resume work.

Elderly. National Health Insurance is family based, so any partners or family members living with a covered individual are also covered. Special programs are also available for the unemployed

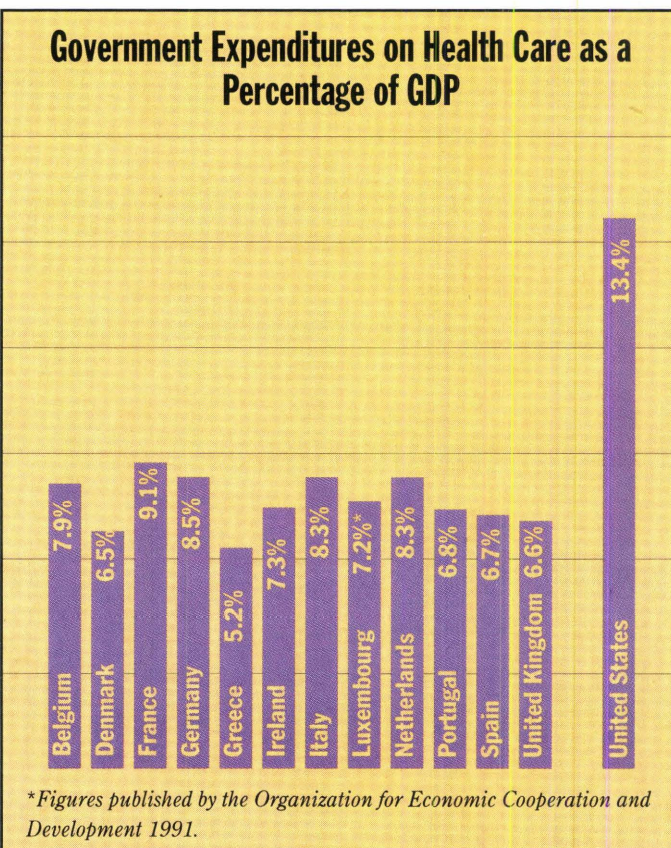
and elderly. The welfare program, administered by the individual departments, will often intervene, leaving 99.8 percent of all people in France benefiting from the National Health Insurance.

Financing. NHI draws most of its resources from a system of mandatory wage contributions, paid in part by employers and employees.

Also, all people have a right to choose their own physician. Almost all doctors have an

with access to a comprehensive set of medical benefits and a free choice of physicians, regardless of the ability to pay.

All Germans who make less than \$36,580 must by law contribute to the appropriate "sickness fund." Both employers and employees contribute by a fixed percentage taken out of their gross income. There are 1,147 sickness funds, ranging from a large private business providing its own fund, to a local fund covering a single geographic area.



agreement with the *sécurité sociale*, which sets the rates they may charge. However, physicians do have the right to charge higher fees. More than three-fourths of those covered under the system take out additional coverage.

GERMANY

Germany's system combines both government mandated financing and private organizations to provide all German citizens

These funds finance a comprehensive set of dental and medical benefits for their members.

The affluent members of German society purchase comprehensive private insurance. Those with private insurance receive the same benefits, albeit with some amenities such as a private room or private telephone in the hospital. Many people purchase private insurance on top of their fund coverage. Patients privately insured are usually well liked by physi-

cians, as the reimbursements from the private companies are at times twice those of the sickness funds.

Maternity Leave. All pregnant mothers are entitled to 14 weeks of paid maternity leave. Mothers must take six weeks prior to the birth and eight weeks after. Their jobs are guaranteed by law.

Medical Care/Worker Benefits.

Because employers and employees are required by law to contribute financially, their medical expenses are taken care of through the funds. A worker is covered by the fund even after he is finished working (by retirement or disability). Federal law stipulates that the unemployed and their dependents must receive the same benefits as those who work.

Elderly. The elderly and retired persons still contribute out of their pensions. In 1989, premiums paid by the elderly covered about 40 percent of their health care. The sickness fund they belong to covered the rest by raising the contribution required of the active workers. If a sickness fund has a disproportionate amount of retired members, the fund receives extra compensation from a national reserve fund.

GREECE

The Greek state undertakes the responsibility for providing health care services equally to all citizens regardless of their financial means through the decentralized National Health System (ESY).

All hospitals are under the Ministry of Health. Any new hospitals built will be public, and the establishment of new private clinics is forbidden.

In every region, health centers are being created to replace existing outpatient services. These health centers

are under the authority of the Ministry of Health.

Also, only ESY doctors can be employed in hospitals, and they are forbidden to undertake any kind of private practice.

Health care services are free for all nationals and legal aliens, which includes tourists.

Maternity Leave/Child Care.

Pregnant women receive 14 weeks of maternity leave. Also, during the first four years of the child's life, the mother is given shorter work days (two hours less a day). Her job is guaranteed, and her leave is fully paid.

Medical Care. The majority of Greece's 10.3 million people are covered by five social security programs:

- The Social Security Foundation (IKA) for private sector employees and families.
- The Social Security Fund (TEVE) for the self-employed.
- The Agricultural Employment Organization (OGA) for farmers and their families.
- Various Social Security Funds for specific professional groups.
- The Public Sector for civil servants and their families.

These programs provide full medical care and participation, and contributions are compulsory. Participation in Social or Health Security Programs for further protection is free.

IRELAND

The health care system in Ireland is centrally directed by the Department of Health under the directive of the Ministry of Health. The services of the Department of Health are operated by eight regional health boards.

Medical care is provided at a cost to the majority of the population. Those with lower incomes receive medical services free of charge.

The use of the hospitals, medication, and visits to the family doctor must be paid for by the patient.

Social insurance is compulsory for all employees and the self-employed. Those unemployed or otherwise not entitled to receive benefits may receive pensions and other benefits from government funds. These benefits include child care and assistance for the elderly.

Voluntary health insurance is available to help meet the cost of the medical treatment.

rather than the "system" much more than most EC countries. The NHCS is paid for by taxes. Employers pay the largest share, withholding a percentage from the worker's paycheck. The self-employed pay a health tax with their income tax payment, as do those elderly who receive additional income over their pensions.

Child Care/Maternity Leave.

The pregnant mother is allowed two months fully paid leave before the birth of the baby and three months fully

ceive is paid by the NHCS. If a hospital stay is required, the stay is covered by the NHCS if it is in a public hospital. In a private clinic, all expenses are paid by the patient, unless the clinic holds an agreement with the NHCS, then the NHCS shoulders a part of the fee. For all medication, the patient pays a part of the cost (called a "ticket"), and the NHCS covers the rest. The cost varies with the medication. Those who are unable to pay or have serious diseases do not have to pay.

Elderly. The NHCS also covers the elderly upon retirement through their place of work. The retirement age is 65, but the actual age varies with the employer.

LUXEMBOURG

Luxembourg offers all of its citizens a wide range of health care services. The government itself does not administer them. Rather, the system is operated by semi-public bodies, composed of government representatives and elected representatives of employers and employees. These services are also available to all foreigners residing in Luxembourg.

The National Health Insurance System is paid for in part by the employers and employees. Additional health care coverage is available at cost, but the basic package is compulsory.

Child Care/Maternity Leave.

The mother is allowed to leave her job four weeks prior to the birth of the child and resume work four weeks after. Two more weeks are granted if the mother is breast-feeding the baby. All leave is paid, and her job is guaranteed by law. The mother or father is allowed to apply for unpaid leave until the child is 15, and the parent's job is guaranteed for that period.



Maternity Leave. Pregnant mothers are guaranteed 12 weeks of paid maternity leave and their jobs upon returning to work.

ITALY

The Italian system of health care is governed by the National Health Care System (NHCS). The Italian system relies upon the patient

paid after. Upon returning to work, the mother is allowed two hours feeding time per day until the baby is one year old. Until the child is three, the parents may take 2-3 day periods to take care of the child. This leave is fully paid with proper medical certification.

Medical Care. Each person chooses his or her own practitioner, and the care they re-

Medical Care. Payment for a doctor visit is paid by the patient. The patient is then reimbursed by one of the semi-public bodies. Reimbursement is usually up to 85 percent of the initial cost. If a person is not able to pay the initial fee, the Ministry of Family will cover the costs.

Elderly. Since legislation requires every citizen to be a member of a health insurance program, the system automatically covers retired and/or elderly people to the same extent that it covers others.

NETHERLANDS

Public health policy in the Netherlands is aimed at providing health care for everyone. To achieve this, a system of compulsory and voluntary insurances is available. The system includes private health insurance schemes, official health expenses regulations, social health insurance, and the Exceptional Medical Expenses Act. This last part provides coverage for social insurance for all Dutch citizens. These insurance schemes cover hospital stays, general practitioners, specialists, etc. These insurances have been set up to ensure coverage for all. They all work together to provide universal care. Health care reforms are currently underway in the Netherlands.

Child Care/Maternity Leave. The pregnant mother is allowed 16 weeks of maternity leave taken at her leisure, but she must leave at least two weeks prior to the birth.

Medical Care. Every person has the freedom to choose his/her own general practitioner. The practitioner will send the patient to a specialist if it is deemed necessary.

In the case of a job related injury, a corporate doctor (hired by the business) will

visit the patient to determine if the injury is legitimate. This double attendance is necessary to protect against fraud.

Everyone receives collective insurance, but many times this is not enough to cover costs. Private insurance, supplied at cost to the buyer, is also needed to help pay for some health expenses.

Elderly. To take care of the elderly, allowances are given by the government. However, a person may collect a pension on top of the allowance.

PORTUGAL

In Portugal, the right to social security and medical services is guaranteed by the Portuguese Constitution. The government is obliged to provide a social security system and full health facilities under the Ministry of Health. In principle, health care is guaranteed by the regional health administrations through health centers. The system includes coverage for both nationals and legal aliens in Portugal. It does not provide for universal coverage. For example, only about 33 percent of the unemployed receive state allowances.

The general social security system is financed by workers' contributions and their respective employers. Eleven percent of workers' salaries, and 24.5 percent of the employers' salaries are used for social security.

Child Care/Maternity Leave. Pregnant women are guaranteed 12 weeks of paid leave and their jobs upon returning to work. Health care is free of charge for women in need of prenatal care, in labor, and 90 days following child birth. All care is also free for children up to 12 months old. To be eligible for child care, the child must be under ten years old and the family must have an income less than 70 percent of

the highest legal monthly minimum salary set by the government.

Medical Care/Worker Benefits. In a work related injury, the responsibility falls on the employer to provide all treatment costs. Insurance is taken care of through an agreement between the employer and employee. Also, regular blood donors are exempt from standard fees.

Elderly. All medical fees are free for pensioners and their spouses.

SPAIN

The National Institute of Public Health Care (IN-SALUD) manages Spain's system of public health care and depends on the Ministry of Health and the Ministry of Labor and Social Security. The administration of health care is through local centers of the Health Care Services. Each local unit's needs are different, according to its geographic, socioeconomic, demographic, and cultural differences. Within this framework, 98.9 percent of the population is protected by the Spanish health care system, free of charge.

Maternity Leave. Every pregnant mother is given 16 weeks of paid leave from her job for the care of the baby.

Medical Care. Patients can choose their own general practitioners, but most usually keep the same one in the family. All medical care, expenses, and hospital stays are free of charge to Spanish nationals and legal aliens.

Elderly. The elderly receive pensions from their place of work, and if any health care is required, the government pays for the treatment if it is rendered by a publicly funded institution.

UNITED KINGDOM

The UK's National Health Service (NHS) Charter spells out every citizen's rights with respect to health care. These rights include, among others: the guarantee of health care for all, regardless of income; the guarantee of emergency medical care; and the right to register with the general practitioner of one's choice. Nearly 80 percent of the cost of the NHS is paid for through general taxation. The rest is met from the NHS contributions paid with the National Insurance contribution.

Child Care/Maternity Leave. Pregnant mothers receive 18 weeks of Statutory Maternity Pay (SMP). SMP is administered by the mother's employer or by the government if the mother is self-employed. Day care facilities for children under five are provided privately and through local government authorities.

Medical Care. Under the National Insurance scheme, employees receive rights to unemployment benefits, sickness benefits, retirement pensions, injury and disablement benefits, and maternity allowances.

Elderly. The National Insurance retirement pension was received by 9.75 million pensioners in 1990. These payments, received upon retirement, are funded by the National Insurance Fund. Individuals may receive a private pension in addition to their government pension. ☹

Daniel P. Galo is a freelance writer based in Washington, DC. His "1992: the Year in Review" appeared in EUROPE's February issue.



A CLEAN SWEEP

FOR ITALY

BY MICHAEL BRUSH

18 EUROPE

Even Italians, who by nature thrive on a good crisis, are deeply troubled by the current upheaval in their country. In the nation's worst political crisis since World War II, Italy's two ruling parties have been deeply wounded by a combination of ongoing corruption scandals and voter frustration.

To make matters worse, the political turmoil comes at a time of sharp economic decline compounded by tough government austerity measures. Both are bound to reverse a standard of living that has been one of Europe's highest since Italy's 1980s boom.

S

ince the start of 1992, ongoing political corruption scandals have begun to confirm what many Italians long suspected: dominance of Italy's huge state sector by the parties has permitted politicians to divert kickbacks and huge amounts of state money into party treasuries and their own pockets. By now, corruption investigations have eaten to the core of the conservative Christian Democrat (DC) Party, and toppled the Socialist (PSI) leadership.

PSI party chief Bettino Craxi—who was prime minister for five years in the 1980s—as well as his favored successor Claudio Martelli both resigned in February following corruption charges. Both have denied any wrongdoing. Entire regional and local governments in some parts of Italy are gone—either forced to resign or jailed for corruption. For the moment, no end is in sight. Newspapers bring new disclosures everyday.

"This is the collapse of the system, the revelation of the fact that the basis of the system was corrupt," notes the respected political commentator Gianfranco Pasquino, a former leftist senator and professor in Bologna. "It is going to go far and deep. The network of connivance is very wide, wider than anybody expected."

But the current political crisis has deeper roots. Steady pressure for change from three groups—frustrated voters, business, and the European Community—finally brought a historic turning point last April during national elections.

Fed up with a corrupt political class that has dominated the post-war scene, voters sent a strong message that shook the two ruling parties, the DC and the PSI. Decline in support of a few percentage points—a major shift by standards in Italy where voter loyalty is strong—shocked the two parties long accustomed to secure electoral bases. The DC still boasts a strong organizational base in the South. But it has yet to replace its old source of strength as a bulwark against the former Communist Party.

Vast numbers of electors in Italy's prosperous North jumped ship to a brash new "protest" party called the Northern League led by the charismatic and energetic Umberto Bossi. The League's goal of transferring power from Rome to the local level, and slogans like "Throw out the Roman rob-

bers," and "Closer to Europe than Rome," strike a chord with northerners.

Many of them agree with the League's message that Italy's main parties for too long have squandered hard-earned northern tax revenue on a large state sector that has served as a vast spoils machine or wasteful vote-getting schemes disguised as development programs for Italy's underdeveloped South. Just a blip on the radar screen five years ago, the League now regularly commands over a third of northern voters, and about nine percent nationwide.

Optimists believe the current disorder can only bring positive change. They see Italy's new crisis as payment on a bill long overdue. Adjustment will bring reform, clean out an old, often corrupt political class, and begin to turn around years of government overspending, they note. As the nation's history has shown, Italians have a knack for quickly coming up with creative solutions to tough problems when the pressure is on.

In the midst of the political confusion stands a man whose ambition and ability, insiders say, is matched only by the challenges that face him: Prime Minister Giuliano Amato [see page 22]. Since taking power last June, the Socialist leader has done more to reform Italy in less time than any other prime minister. Faced with longstanding problems on all fronts, Amato has chosen to concentrate on balancing Italy's budget and restoring tarnished credibility abroad.

While most Italians were winding down last summer for the traditional August vacations, Amato was putting in his usual 15-hour days designing a tough austerity package. By the end of the year, Amato had pushed through budget cuts and tax increases that

began to reverse the government spending spree of the last 15 years.

The package cuts back the country's generous state pension and health care benefits, promises Europe's biggest privatization effort, and strictly limits government sector hiring and pay increases. An unofficial agreement with unions has helped keep Italy's traditionally wage-driven inflation in line by eliminating automatic salary increases linked to price increases. Although detractors attribute Amato's success to the lack of any real alternative because of disarray in the political system, even opposition party leaders privately give him good grades.

The budget cuts and tax increases come at a bad time for Italians who for years have enjoyed a high life style—especially in the wealthy north, one of Europe's richest regions. The austerity package hits Italians during an economic slump which is already curbing the generous pay increases of the 1980s and threatening many jobs. What's more, Italy cannot turn for help as it has in the past to its two biggest trading partners: Germany and France, which face downturns of their own.

While Amato has concentrated on the economic front, others have taken on

the task of electoral reform meant to bring in a more responsive political class. Spearheading the drive has been Mario Segni, a Christian Democrat from Sardinia who enjoys a squeaky-clean reputation and vast popular support. Using Italy's powerful referendum tool, Segni hopes to eliminate the country's complex, but well-intentioned, proportional representation system.

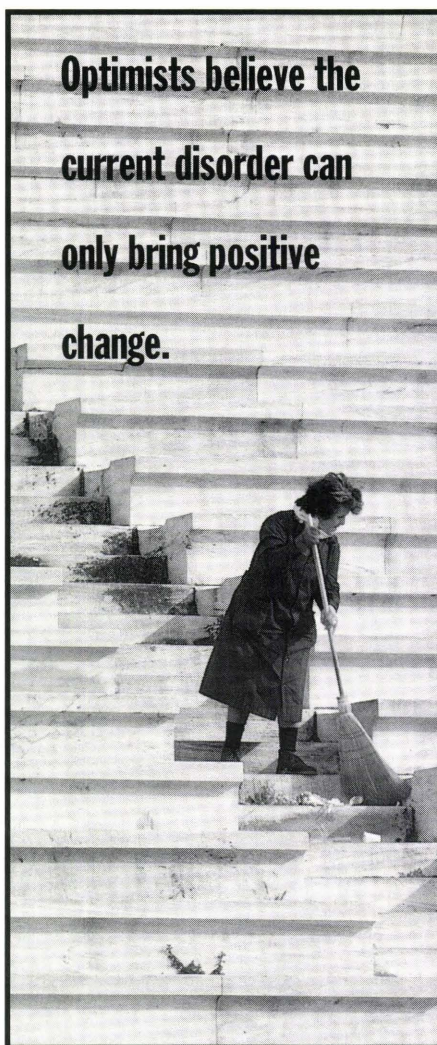
Designed in the post-Fascist era, the system was originally meant to prevent any single party from taking control. Instead, it has produced splintered parliaments with as many as 16 different par-

The budget cuts and tax increases come at a bad time for Italians who for years have enjoyed a high life style — especially in the wealthy north, one of Europe's richest regions.

ties and permitted party bosses to guarantee their hand-picked candidates seats in parliament against the will of the popular vote.

Later this spring Italians are expected to overwhelmingly approve Segni's referendums, but the need for change won't stop there. Because of legal technicalities, the referendums can only bring an English-style "first past the post" system to about 75 percent of the Senate elections. Rules governing elections for Italy's more powerful House would have to be changed by parliament itself—which is "like asking the turkey to cook himself for Christmas dinner," notes Senator Carlo Scognamiglio of Italy's Liberal Party.

Meanwhile, advances have also been made against another of Italy's long-term problems: the Mafia. In mid-January, police achieved a coup with the arrest of Salvatore Riina, thought to be the boss of the Cosa Nostra, or the umbrella organization of the Sicilian Mafia. Since Amato has taken office, authorities have seized over \$1 billion in Mafia assets. A series of new laws have brought greater investigative powers, a new FBI-style anti-Mafia agency, and a streamlined court system. But real breakthroughs have come because of greater protection now offered to Mafia turncoats. Italians welcome the progress as a break with the past prac-



Optimists believe the current disorder can only bring positive change.

tice of suspected collusion between the Mafia and parts of the Italian state and political parties.

Despite the current uncertainty, old-timers who have seen Italy go through ups and downs more than once have faith the country will once again use its resourcefulness to pull through.

"Italy travels at two speeds," notes Olivetti chief Carlo De Benedetti. Next to an archaic and sluggish public sector lies an energetic private sector that shows enormous flexibility based on a national talent for getting by in any situation. Italy's vast number of family-run, small and medium size companies, for example, have a reputation for responding quickly to changes in market demand, despite what happens in Rome.

"In the medium term I am positive about Italy," agrees Alberto Giordanetti, the general director of the Italian branch of Ciba Geigy, the worldwide chemical and pharmaceutical giant. "But Italy has to keep a consensus on the reform, and accept that we still have a relatively difficult period ahead on the economic front and that we have to make up for many years of misspending. This will not happen overnight." ☺

Michael Brush is a journalist based in Rome.

THE "GOOD EUROPEAN"

Italy, a founding member of the European Community and generally considered to be a "good European," has never questioned its role in Europe or the loss of national sovereignty that would come with monetary union and the implementation of the Maastricht Treaty.

Nevertheless, problems remain. Italy exceeds all the Maastricht economic convergence guidelines, which set targets for inflation, annual deficits, and national debt. While the Maastricht agreement would limit maximum annual deficits to three percent and overall national debts to 60 percent of GDP, Italian annual borrowing last year weighed in at almost 11 percent of GDP, while overall debt reached 104 percent of the national product.

The Amato budget reforms, though, have begun to

help Italy move toward the Maastricht guidelines. Indeed, Amato has regularly used the Maastricht targets as a tool to convince domestic special interest groups to accept needed budget cuts.

Additional constraints are built into a recent EC loan of eight billion ecus. The loan was granted to help Italy offset losses of reserves incurred while defending the lira before its 25 percent devaluation against major trading currencies last September.

"The amount we got is peanuts," said one Bank of Italy official. "But it is a positive sign in terms of trust that should help keep Italy on the convergence track." Loan conditions set targets for public debt, progress on privatization, and reforms in the health sector, pensions system, public employment, and local government spending. —Michael Brush



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An Unlikely Hero

The Steamroller Judge

BY NICCOLO D'AQUINO

Antonio Di Pietro is radically changing the face of Italian politics.



Italians had been looking for a hero for a while. They have found him in a man who, at first glance, doesn't seem to physically fit the role. Antonio Di Pietro, a judge, is stocky, stout, and his facial features don't hide his humble origins as the son of a peasant from southern Italy's poorest region. And yet he is the man who, without ever having taken part in politics or ever having declared any tendency toward a particular party, has radically changed this country.

One year ago, on February 17, 1992, this obstinate judge arrested the first of a long series of politicians and industrialists, all under the accusation of having requested or paid illegal kickbacks for the concession of contracts and other public works. It was immediately clear that this arrest was something new—Mario Chiesa, the powerful “collector” for the Socialist Party in Milan, was arrested red-handed as he pocketed a bundle of bills from an entrepreneur who otherwise would not have received the go-ahead on a public contract.

A few days later, a second arrest confirmed the novelty. Another prestigious personality made a prediction: “An epoch and a way of doing politics in Italy have ended.” He was right. Because since then, in just a few months, an infinite number of famous names have ended up in jail. The scandal has even overwhelmed former Prime Minister Bettino Craxi, secretary of the Socialist Party. Craxi had to resign, just like the man who was undermining his power after having been his heir apparent for years: Claudio Martelli left the Ministry of Justice and the Socialist Party. But Hurricane Di Pietro has hit all the parties, even striking the party with the relative majority, the Christian Democrats, which since the end of World War II has always been in every center of control in Italy.

Di Pietro was born on October 2, 1950 in a small village in Molise, one of the poorest regions of southern Italy. The family's only possession of any value was the five hectares of land that surrounded their house. Di Pietro's mother still cultivates the same five hectares. An unusual beginning for the history of this super-judge whose name is now acclaimed on city walls (“Go Di Pietro!” and “Di Pietro, make us dream!” are just two of the graffiti that for months now have been a part of the urban Italian scene.)

As in the best of traditions, young Antonio started out by doing a bit of everything: gas station attendant, waiter, mechanic, proofreader by day, student in a professional school by night. Then, after the obligatory military service he went to work in Germany. By day he worked in a factory that produced flatware, by night he studied German and prepared for other exams. He returned to Italy, and he once again worked in various jobs: municipal secretary in a small town in the northern province of Como, then as an employee of the

Milanese airport. His first big leap came when, after finally receiving his law degree at age 26—he joined the police force. He was a plucky but proper commissioner with a reputation for completing his assignments. He had his own technique, which fellow agents called the “Di Pietro style,” when conducting arrests. First he would knock, if no one opened the door, he would break the door down.

In a short while he was ready for his second leap: he became a judge. For a long time his new colleagues didn't completely accept him: a policeman turned judge goes against certain unwritten rules.

He got his first taste of the limelight in Bergamo, a city not far from Milan. His investigations of public corruption ended up in the newspapers. But just who this judge really is was made clear by the last arrest he made before leaving Bergamo for Milan: he sent his own secretary, who was a non-commissioned officer of the carabinieri, to jail for accepting a bribe.

In Milan, having already cut his teeth on fighting corruption in Bergamo, he continued his straight ahead style. Once in his new post Di Pietro recruited two military policemen who shared his passion for computers. Together, in three small, chaotic rooms in Milan's Law Courts, they organized the first collection of data and information concerning every report of episodes of public corruption. Milan proved to be a fertile field as the capital of Italy's economy and industry and one of the financial poles of Europe. The job facing Di Pietro's team consisted of an exhaustive series of cross-checks in order to trace secret bank accounts in Switzerland. For four years Di Pietro and his small team, a few policemen and carabinieri, continued their work without anyone on the outside noticing anything. Then the important arrests began and with them a revolution.

Now the magistrate has to move around with a police escort, as does his family. People have even tried to sully his image. Word got around that he had left his first wife in order to marry his second. But the attacks were wasted effort.

Italy will never be the same after Di Pietro. Investigations of public corruption conducted by the “steamroller judge,” as he has been called, extend from Milan to Rome to the rest of the country. If the recession, which has hit Italy's economy like it has hit every other country, has not overwhelmed the system, it is most likely thanks to the satisfaction and the newly rediscovered faith in Italian institutions with which Italians have watched the wave of arrests of people once considered untouchable. The universities' faculties of law are besieged by young people who want “to become judges like Di Pietro.” ☹

Niccolò d'Aquino writes for Il Mondo from Rome, where he is also a regular correspondent for EUROPE.



U.S.- ITALIAN RELATIONS

A WORLD ECONOMIC LEADER AND IMPORTANT NATO ALLY, ITALY PLAYS A KEY ROLE IN US SECURITY, ECONOMIC, AND FOREIGN RELATIONS.

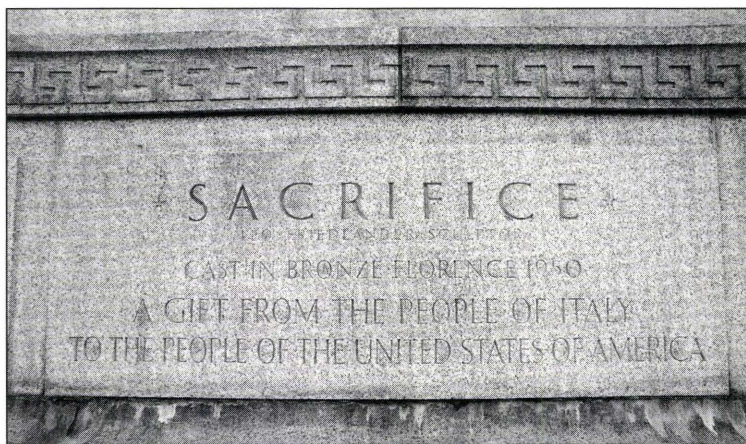
B Y M I C H A E L B R U S H

A

s the focus of world tensions has shifted from the East-West to the North-South axis, Italy's security role has taken on a new profile. "Italy is the most important position we have in the Mediterranean, and therefore our key jumping off point for any kind of operations in the Middle East and North Africa," explained a senior-level diplomat in the US Embassy in Rome. "Our bases are extremely important when you have something like the Gulf War or emergency operations of some kind."

During Desert Storm, despite a noisy public debate, Italy showed it was willing to do its part, diplomatic sources who helped manage the joint effort point out. "Italy was extremely important to us logistically in the Gulf War. They did everything we asked them to do," the diplomat said. Aside from troop support, Italy provided crucial assistance in the form of mine sweeping and the use of ports and by allowing military planes to refuel at commercial airports, among other things. Virtually all troops in Europe bound for the Gulf moved through Italy.

Behind the scenes, then-Foreign Minister Gianni De Michelis played a fundamental role in building the international consensus supporting military action against Iraq following the invasion of Kuwait.



In 1949, as a gift to the United States, the Italian government cast in bronze and gilded four statues entitled the *Arts of War* and the *Arts of Peace* (left). Today they can be found in Washington, DC.

The declining US military presence in Germany has also increased the importance of Italy, where the US has about 25 bases and 17,000 troops. Indeed, Italy has a good record when it comes to offering a home for US military forces nudged out of other European countries. When Charles De Gaulle withdrew France from the military arm of the Atlantic Alliance, leaving the US Sixth Fleet high and dry, Italy provided a home port in Naples. Likewise, when Spain more recently ended its agreement to host the 401st Airborne Wing in Torrejon, Italy stepped in to supply a European base, although one has not yet been found.

Inside Europe, Italy has also played a key role in

heading off back channel efforts to have the Western European Union replace—rather than serve alongside—the NATO alliance.

US officials also like to point to warm relations when it comes to collaboration in international efforts against drug trade, counterfeiting, and the Mafia. Italian cooperation with permanent offices in Italy of the FBI, the Drug Enforcement Agency, and the US Department of Justice is considered excellent. FBI investigators were on the scene immediately following the recent murders of two top Mafia fighting Sicilian magistrates, Giovanni Falcone and Paolo Borsellino.

While Italy has been a good team player on law enforcement and European security issues, it also follows its own agenda. Not surprisingly, the most troubling differences arise in trade. As in France, a strong domestic agricultural lobby contributes to Italy's position against US attempts in the current Uruguay Round of the GATT talks to reduce agricultural subsidies and some other trade barriers.

Until recently, Italian permissiveness of video and software piracy was a sore point as well. Under pressure from Disney and the Motion Picture Export Association, the US government has finally convinced Italy to step up enforcement. The seizure of several hundred thousand bootleg video cassettes in recent raids was taken as a positive sign. US officials hope Italy follows through with tougher laws.

Tensions remain over US countervailing duties on steel and for what the US sees as Europe's failure to live up to its agreement to open up markets to American oil seeds.

Supporting official bilateral relations is a genuine Italian popular fascination as is enthusiasm for all things American—from jeans, football, and popular music, to serious literature. This is dampened only slightly by an underlying hostility in some intellectual circles and a penchant for conspiracies which permits some Italians to see a sinister US role in many unexplained events regardless of the evidence.

As for official relations in light of the arrival of the Clinton administration, the White House has named Boston Mayor Raymond Flynn as its choice for ambassador to the Vatican, and unconfirmed reports mention Swanee Hunt as a possibility to be the next US ambassador to Italy.

Regardless of the change on Pennsylvania Avenue, an unspoken symbiotic link should continue to cement good ties. Privately, Italian officials welcome an active US role in Europe as a counterweight against a powerful Germany. "It's crowded among the big four in Europe, and Italy sometimes tends to get the short end of the stick," explained one US diplomat in Rome. "From our point of view, it's good to see a country with strong European ideals and credentials that believes building Europe and maintaining strong transatlantic ties are compatible. We like that." ☺

—Michael Brush

Europe Comes



President Clinton and EC Commission President Jacques Delors discuss trade issues, Russia, and other EC-US topics.

Over a remarkable five week period beginning in late February, five EC leaders journeyed to Washington to meet with and take their measure of the new American president. First was UK Prime Minister John Major. Then, at steady intervals, came French President François Mitterrand, Ireland's Prime Minister Albert Reynolds, EC Commission President Jacques Delors, and finally German Chancellor Helmut Kohl.

BY BARRY D. WOOD

The European leaders were duly impressed that an American leader riveting "laser like" attention on the domestic economy took time out to so graphically underscore the importance he attaches to both transatlantic relations and the expert counsel of European allies.

The White House consultations did much to dispel European suspicions that Mr. Clinton

t o W a s h i n g t o n

is less than committed to free trade. Comfortable with a man they found informed, likable, and eager to learn, the Europeans came away relieved—persuaded that Bill Clinton is a president they can deal with on key issues.

Jacques Delors, after his 55-minute meeting in the Oval Office on March 18, told an aide, "I'm convinced that the president does not want a trade war." Despite somewhat contradictory signals from Mr. Clinton's trade negotiator, Mickey Kantor, Mr. Delors opined that the Clinton administration probably does want a successful, early outcome to the long stalled Uruguay Round of talks to expand world trade.

The Europeans were pleasantly surprised that they got on so well with a politician few dreamed even six months ago could unseat their favorably regarded interlocutor, George Bush. Prime Minister John Major, like the untested Arkansan a stickler for detail, declared himself "very impressed" with Mr. Clinton. Over two days of talks in late February, the two leaders discussed increased aid for Russia, the war in the former Yugoslavia, a redefined role for NATO, American complaints over what they see as Airbus subsidies, and the Uruguay Round.

The French president, during a day trip on March 9 to Washington made possible by the Concorde, tarried in the American capital only five hours, all of which he spent within the walls of the White House. Mr. Clinton, politely deferential to a man 27 years his senior, charmed the French president, seeking his advice on matters as far afield as Haiti and Zaire. Even a joint press conference in the East Room proved a friendly encounter. Mr. Mitterrand suggested that the deteriorating situation in Russia warranted the convening of a

special industrialized nations summit, long in advance of the meeting scheduled for Tokyo July 7. Seeing in Bill Clinton something of his own youth, the satisfied French president jetted back to Paris and on to Moscow.

Overall, the US-European discussions detailed an awesome set of new and old problems. Foremost was what to do about Russia, followed by the war in the former Yugoslavia. On both is-



President Clinton and Speaker of the House Tom Foley meeting with Irish Prime Minister Albert Reynolds (right) and John Hume, a Member of the European Parliament (left).

issues fresh American ideas and leadership were welcomed.

Trade matters dominated the discussions between Mr. Delors and Mr. Clinton. EC Commission President Delors praised what he called the dynamic, young, US president for his "inspiring" address at American University on February 26 endorsing an open world economy. But Mr. Delors still remains concerned that transatlantic trade problems could possibly tip dangerously toward mutual acrimony and retaliation. While in Washington Mr. Delors gained a temporary reprieve from American sanctions over the EC's "buy Europe" government procurement codes. But the matter appeared far from resolution.

Immense pressure thus falls onto the shoulders of Sir Leon Brittan and Mickey Kantor, who held their second round of substantive talks March 29 in

Brussels and meet again later this month.

They have much to do if they are to make good on the pledge Helmut Kohl and Bill Clinton made at their White House meeting to finish the Uruguay Round this year.

On the American side, trade analysts say to watch NAFTA (the North American Free Trade Agreement) for early clues on the new administration's global trade stance. Mr. Clinton is under fierce attack from his labor and environmental constituents for endorsing the free trade deal with Mexico negotiated by the Bush administration. Should support for NAFTA waver, so too—argue the trade analysts—will support for the Uruguay Round. The EC expects the administration to seek an extension of fast-track negotiating authority from the Congress only until the end of 1993. That could be a clear signal that Wash-

ington expects a successful outcome within that time frame.

President Bill Clinton is clearly more than just the new kid on the block. Inheriting a recovering economy that suddenly makes three percent US growth the envy of Europe and Japan, the new administration is currently riding high internationally. Despite its shaky start, the new tougher US line on trade is probably more bluster than substance. But completing the Uruguay Round is likely to take longer than expected. GATT, after all, is what trade reporters call the story that will not die. ☹

Barry D. Wood writes about international economics from Washington, DC. His article "Catching the Wave: Privatization is Sweeping through Europe," appeared in EUROPE's November 1992 issue.

Member of the European Parliament

Alan Donnelly

Alan Donnelly, a Socialist member of the European Parliament representing the Tyne and Wear district in the UK, spoke with *EUROPE* about the many roles and functions of the European Parliament.

Could you give an overview of the European Parliament, and how it differs from national parliaments?

The European Parliament has only had direct elections since 1979. It's a relatively young institution although it has existed in its previous shape and form from when the Treaty of Rome was signed. It was basically an assembly of national parliamentarians who had a dual mandate to meet in the European Parliament as well as in their national parliaments. We have 518 members [increases to 567 in 1994] directly elected from the 12 member states, ranging from six in the smallest country (Luxembourg) to 81 in the largest countries, like the United Kingdom.

We sit in political groups rather than national groups, which is very important from my point of view, because we are the only democratically elected international body that has groupings like that anywhere in the world. It is very important that we don't sit in national delegations but rather in like-minded political groups. The largest group is the Socialist group in the Parliament. The Socialist group itself con-

tains a wide spectrum of opinion, from people who seem to be quite on the Left, to people who are mainstream, or who might be at home in some of the right wing parties in the rest of Europe. It is a very broad spectrum. Then you have the People's Party of Europe, which is basically the Christian Democrats, which is the second largest group. We also have Communists and a Liberal group. We have a Rainbow Alliance of people who are not aligned but sit together in a group. We have the Greens. We also have the far-right group of Jean-Marie Le Pen from the National Front, as well as the various right wing groups in Germany and other countries of Europe.

The Parliament meets three weeks of the month in Brussels in committee. We have a wide variety of committees ranging from transport, environment, economic policy, to foreign affairs, security, and regional policy. There are a set of committees in Parliament, and they meet in Brussels in committee where we receive the legislation from the Commission. The Commission drafts the legislation, and it is sent to the Parliament for consideration, and we propose amendments to that legislation. After the various committees have considered the legislation, the amended reports are then sent off to the full sitting of Parliament, which happens in one week of every month, but that's in Strasbourg, not in Brussels. We meet in sessions which start at nine in the morning and can go on until midnight, and we vote through a whole range of legislation. Then our opinion goes back to the Commission and ultimately to the Council of Ministers who are the final arbiters on legislation.

The problem, in my view, is the Parliament was originally designed in the 1950s and hasn't really made the vast change that was necessary in order to bring it as up to date and in line with the thinking that is taking place across Europe. The Commission meets in private. It doesn't publish its minutes, and therefore, in my view, there's a lack of accountability. A significant number of Danes voted against the Maastricht Treaty because there wasn't enough democratic legitimacy to it. As a result we need to look very closely at the powers of the European Parliament and the balance of power between the Community's institutions. During the course of the next couple of years, perhaps we ought to make amendments to that arrangement.

How would you define "democratic deficit?"

We are democratically elected, and subject to reelection. Our meetings are public, the Council and the Commission can come along into the chamber and speak, make their views known, yet the Council and the Commission meet in private, don't publish their agendas, and the Parliament is not privy to what goes on there. Therefore, in the triangular relationship between the three institutions, it simply is not a democratic framework, and it must be changed. One of the powers of the European Parliament is on the question of enlargement. We have to give our assent to treaty changes to permit the enlargement of the European Community. There is now a significant number of us in the European Parliament, including myself, who say that we should withhold our assent to agree to enlargement of the European Community



unless the treaty which will bring about an enlargement of the European Community also contains clear changes to democratic procedures in Europe, and that means basically core decision-making with the Council of Ministers.

Would that be like making the Council of Ministers like the Senate, or an upper house?

That's right. That, effectively, would eventually mean that the Council of Ministers would change into an upper house.

The other thing that galls many of us in the Parliament is that we can't initiate legislation. It's the responsibility of the Commission to draft legislation.

We've got two things which the Parliament can do. We vote on the budget of the Community, and we can amend the budget of the Community.

What power does Maastricht give to the Parliament?

It gives us something called "the negative assent procedure," which is Euro-jargon for the right in extended areas to effectively block legislation. But we actually want to have positive powers rather than negative powers. We want to be positively involved in the decision-making process. So the negative assent procedure is less than satisfactory, and that is something that will have to be built upon.

What is your length of term for the European Parliament and how are you paid?

Five years. That's much more satisfactory than the US House of Representatives term of office [two years] because I just don't see how representatives can do anything other than constantly just be involved in election processes.

We are paid by our national parliaments, which means that as an Italian MEP, you get the same as a member of the Italian Parliament, which is a substantially higher sum of money than the British MEPs receive, but then again we are paid substantially higher than the Portuguese. Obviously we need to have a harmonization of all wages and conditions in the Parliament.

Is this a full-time job?

This is a full-time job. We meet the full year-round, with six weeks break in the summer, two weeks at Christmas, and the week of Easter.

Is there really something called Europe?

Yes, of course there is a Europe. I'd say there is as much of a Europe as there is a United States of America. ☺

TRAVELER'S

Italy

Insider's Guide to the Vatican

Open from 7am to 7pm, St. Peter's is one of the few sights in the Vatican City, or indeed Rome, which doesn't shut at lunchtime. Free tours in English leave everyday at 3pm from the information desk in the porch.

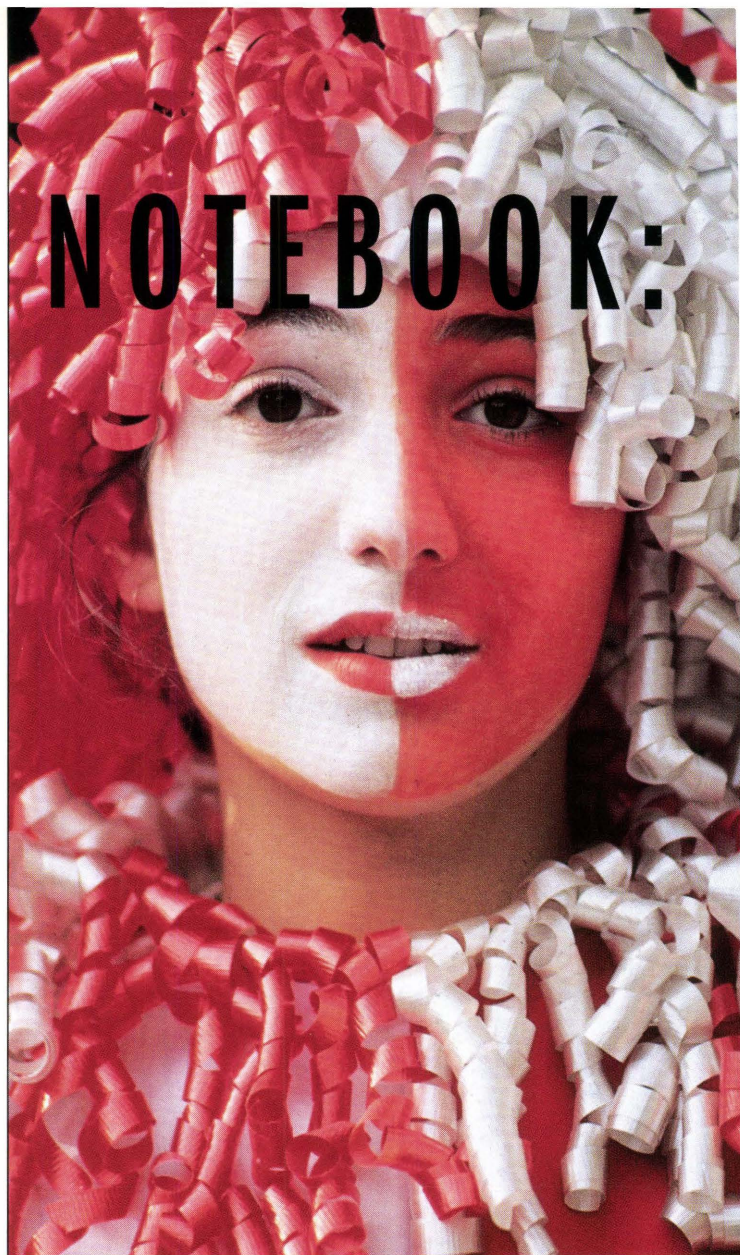
Founded by Pope Julius II in 1506, the Swiss Guards are the oldest military corps in existence. Brief changing ceremonies are held daily under the Bell Arch at 9:30, 11:00, 12:30, 2:00, 3:30, 4:30, and 5:30.

St. Peter's Dome in Rome.



There is a Vatican Post Office in the Museums and three more in St. Peter's Square. Delivery time within Europe or to the States averages five days—compared with 15 from Rome across the Square. Rates are the same as Italy's, but you must buy Vatican stamps. Don't confuse the Vatican's blue mailboxes with Italy's red ones. (Hours 8:30am–7pm weekdays, 8:30am–6pm Saturdays.)

Vatican stamps are a favorite souvenir. Buy current ones at the post offices and past issues from the



NOTEBOOK:

Venice Carnival is one of the many events to include on an Italian itinerary.

Philatelic Service in the Governatorato or government office building (9am–noon).

Nearby the Governatorato is the Mosaic Studio, responsible for restoring the mosaics in St. Peter's. Set up in the early part of the 18th century, this laboratory has the world's largest collection of tesserae in more than 20,000 tints. You can buy tesserae or finished works or commission a mosaic reproduction of a favorite work-of-art or a family photograph, which can be shipped worldwide. Prices depend on the tesserae size. To see the artists at work, contact His Excellency Monsignore Virgilio Noé, Presidente della

Fabbrica di San Pietro, 00120 Vatican City, telephone 6983172.

Sister Silvana runs the Ufficio Benedizioni on Via del Pellegrino to the right of St. Anne's Gate (10amnoon). Here you can choose from 40 different types of Papal blessings on printed or hand-illuminated parchment. Prices range from \$3.40 to \$27.20.

For a video of the Wednesday papal audience you attended, go to the Centro Televisivo Vaticano in the Palazzetto del Belvedere through St. Anne's Gate (9am–1pm and 3:30–6pm). Videos cost \$60.

Look for American journalist Nino Lo Bello's guide

to the Vatican in English (Chicago Review Press, 1987 1-55652-018-2). Its most tantalizing chapter is "The Vatican You Can't Visit."

There are no hotels in Vatican City. At the atmospheric nearby Hotel Columbus (telephone and fax 6864874) in the Renaissance Palazzo dei Penitenzieri a double room with breakfast costs \$157. The Vatican Tourist Office lists convents in Rome which take in paying guests. The Vatican's only restaurant is

Italy's Dolce Vita

If you are planning a trip to Italy, consider visiting one or more of the numerous local festivals. Following is a mini-guide to upcoming events in Italy this spring and summer:

Despite its name, **Maggio Musicale Fiorentino**, this major musical festival in Florence extends well beyond the month of May. Since its 1938 establishment, the festi-

efisio) in Cagliari is perhaps the most important Sardinian folk event in Italy.

Held in early May, the festival began in 1657 to celebrate the end of the plague.

The colorful festival features thousands of pilgrims and Campidano horsemen in medieval costumes.

Gubbio, nicknamed "the city of silence," is said to be untouched by the passage of time. The exception to this epithet is the **Festa dei Ceri**, otherwise known as the "pro-

extravaganza of **Festival dei Due Mondi** (Festival of Two Worlds) includes opera, concerts, dance, drama, ballet, and film.

Founded by Italian composer Gian Carlo Menotti in 1957, it is set from mid-June to mid-July in the picturesque hill town of Spoleto, the capital of the Dukes of Lombard from the 6th–8th centuries.

A twin festival is held in the "other" world: Charleston, South Carolina from May 28 to June 13. For additional information, contact Festival Dei Due Mondi, via Cesare Beccaria 18, 00196 Roma, or via Guistolo 10, Spoleto.

The renowned horse race, **Palio delle Contrade**, is an ancient dash around the town square of Siena for the palio (the city's silk banner). Preliminary races and events take place as early as the end of June and continue to early July. The grandstand seats belong to residents by birthright, however tickets are available for general seating.

For more information and tickets, contact Agenzia Viaggi SETI, Piazza del Campo 56, Siena 53100.

The region of Umbria, famous for its centers of art, is host to the **Umbria Jazz Festival**. Jazz musicians and blues singers from Europe and America have moved into the quiet town of Perugia to create a 10-day event in mid-July with over 100 concerts in the ancient buildings of the city and surrounding towns.

For more information, contact Associazione Amici della Musica, Via San Prospero 23, 06100 Perugia.

—Kostas A. Poulakidas

For additional information and literature, contact the Italian Government Travel Office at 630 Fifth Avenue, New York, New York, 10111 (212-245-4822); 500 N. Michigan Avenue, Chicago, IL, 60611 (312-644-0990); and 360 Post Street, Suite 801, San Francisco, CA, 94108 (415-392-6206).



The Palio Festival in Siena is an ancient horse race around the town square for the city's palio.

the Museums' cafeteria. The elegant Taverna dei Gracchi (Via dei Gracchi 266/268, telephone 3216958, closed Sunday and Monday at noon) or the family run I Quattro Mori (Via S. Maria alle Fornaci 8/a, telephone 632609, closed Monday) are excellent neighborhood alternatives. For a snack there's the Caffè San Pietro (Via della Conciliazione 48) where Mehmet Ali Agca drank his last cup of coffee before attempting to assassinate Pope John Paul II in 1981.

—Lucy Gordan

val has grown to encompass two months of opera, concerts, ballet, and sacred music at a wide variety of locations, some outdoors.

In addition to its own orchestra, the festival hosts opera companies from all over the world.

For more information, contact Maggio Musicale Fiorentino, Teatro Comunale, Via Solferino 15, 50123 Florence.

One of the biggest and most colorful processions in the world, the **Sagra di Sant'Efisio** (Festival of St.

cession of the candles" on May 15, when shrines are carried to the top of Mount Ingio.

The **Regatta of the Great Maritime Republics** annually pits four former maritime republics—Amalfi, Genoa, Pisa, and Venice—against each other in a historical longboat regatta.

The preceding week is marked by a culinary contest and a parade of over 300 persons in historical costumes.

This year the regatta will be the first Sunday in June in Amalfi.

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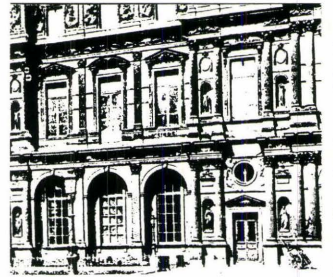
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CAPITALS



LETTER FROM GERMANY

President Clinton has talked about Germany's national health care system as a possible model for the United States. The President has also expressed interest in Germany's apprenticeship training. The following is a look at Germany's effective apprenticeship program:

GERMANY'S MOST ATTRACTIVE EXPORT PRODUCT

Hilmar Kopper, the chief executive of the Deutsche Bank, is an alumni of the German youth apprentice system, as is Werner Niefer, the retiring president of Mercedes. Both men joined their respective companies as apprentices right after school and both rose steadily through the ranks to their current top positions.

These two important captains of German industry are prime examples of the acclaimed and highly effective apprentice system, which is widely believed to be at the root of the German economic success. Their careers nevertheless stand out and are by no means the rule. Even though the system produces highly skilled and productive workers and guarantees well paid jobs and a high living standard for its graduates, in today's world it has become more unlikely to make it to the top of one of the leading

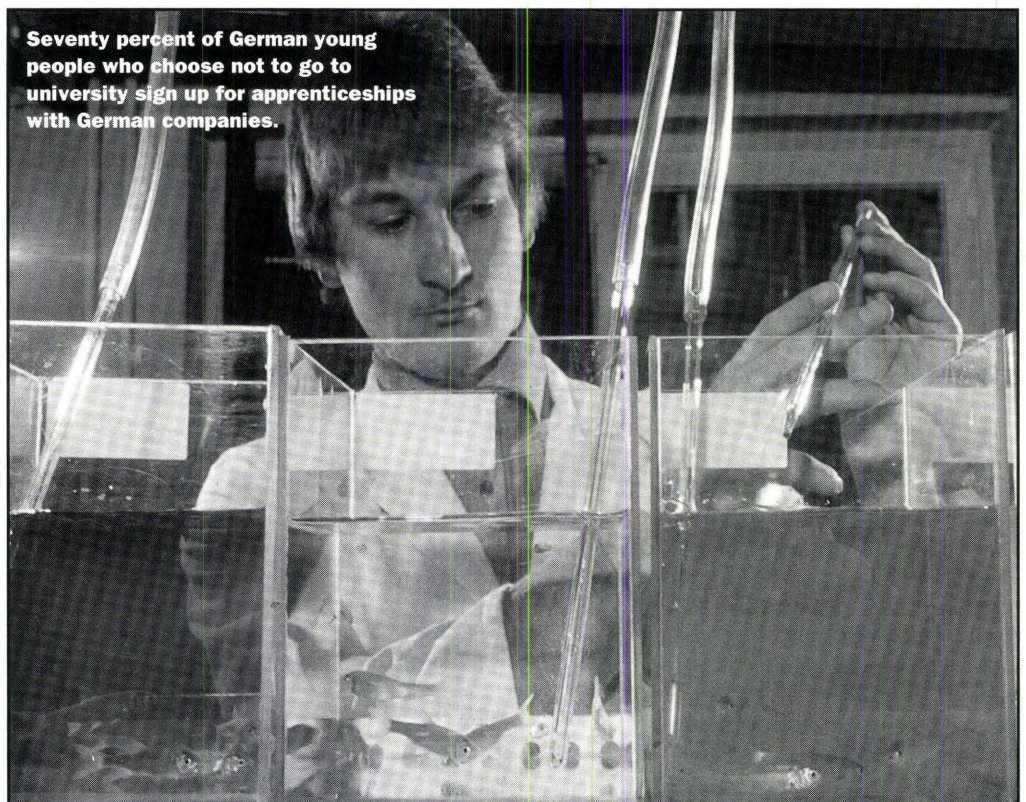
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German companies without a university degree. With more and more young people graduating from high school (Abitur) and choosing a college education, with ever in-

creasing qualification requirements set by employers, Kopper and Niefer would today feel compelled to go on to university following their apprenticeship.

Nevertheless, with 66 percent of the German labor force being certified graduates of the nation's youth training system, the training program continues to be an important backbone of the German economy. Well known German politicians like Otto Count Lambsdorff regard the "dual system," as it is named officially because of its theoretical and practical approach, as the most attractive export commodity Germany has to offer. As such, it is closely being studied by the new US administration, which plans to invest over one billion dollars during the next four years in apprenticeship programs.

Seventy percent of Ger-



Seventy percent of German young people who choose not to go to university sign up for apprenticeships with German companies.

many's young people who choose not to go to university sign up for apprenticeships with German companies.

Training takes place mainly on the job. The typical apprentice spends four days a week at the company, licensed to offer training, and one or at the most one and a half days in a public vocational school. Most of the training programs last between three and three and a half years, during which the trainee is paid between \$500 and \$800 a month. Following graduation, the newly licensed skilled worker will be able to at least triple his or her pay. Moreover, the possibility of additional training exists; after a five to 10 year working experience, a skilled worker can train to become a Meister, the license required to train apprentices.

The public role in this system is limited to the funding of the schools and the setting of the broad guidelines governing the classification of occupational streams requiring formal training and their licensing requirements. Like all matters relating to education, this falls into the responsibility of the *länder*. The rest is left to the private sector, notably to the regional chambers of industry and commerce. They register the apprenticeship contracts, certify training companies and personnel, supervise the training programs, establish examination boards, organize the final exams and issue certificates which are, in most instances, recognized throughout Europe.

In 1992 enterprises in all sectors of the economy were training 1.6 million young people or 6.5 percent of the labor force. During that year, about 600,000 teenagers between the age of 15 and 19 entered an apprenticeship program right after they left school. They can choose among 400 different occupational streams, ranging from

animal keeper and district hunter to chimney sweep, baker or electronic specialist. The most popular professions among young men are car mechanic, electrician, foreign trade clerk, carpenter, bank clerk, plumber, and painter; young women favor hair-dressing and retailing, followed by secretarial positions in administration, business, and doctors offices.

This elaborate German vocational training system does not come cheap. The aggregate occupational training costs (equipment, training staff, apprentice income) are estimated at about \$27 billion in 1991. Net expenditures by German companies amounted to \$17 billion after taking into account the young trainees' contribution to the companies output. This price tag of \$10,500 per trainee does not include the expenditures incurred by the federal, state as well as local authorities, which easily spend another \$9 billion per year to run and staff the vocational schools. Regardless of the high costs, most German companies, whether large or small, support the program and offer even more training slots than are actually filled by young applicants. There is a broad consensus on the advantages of the system which provides for a seamless transition from school to work and for a meaningful theoretical and practical training. It fits the needs of business with its emphasis on the practical side of training and integrates the apprentice into the actual production process. As a result, the newly licensed workers hardly confront an adjustment problem when entering the labor market. Moreover, the system provides the basis for even further training and career advancement. For example, in

1991, 17,000 Germans received higher certifications in industrial jobs as Meister, and 16,000 in office jobs as supervisors. Most importantly, the instances of unemployment among graduates of the apprentice system are much lower than for unskilled workers.

—Carola Kaps

LONDON

ON HER MAJESTY'S (TAX) SERVICE

When the buff envelope with the dreaded words "On Her Majesty's Service—Inland Revenue" plops through the UK's letter boxes this month, there will be a certain grim satisfaction among her royal subjects in knowing that they are no longer facing the taxman alone.

Her Majesty Queen Elizabeth II will also be getting a tax assessment this year, for the first time ever. Even before the April 7 deadline, her advisors have been negoti-

ating hard with the government over how her wealth should be assessed by the taxman.

Like the rest of us, the royal accountants and legal advisors have concentrated on getting as much as possible put on expenses. They succeeded in winning tax exemptions on some of her palaces, her art collection and jewels, as well as the private use of the royal yacht, royal flights, and even the royal train.

After decades of exemption the Queen volunteered to pay income taxes following growing public criticism of the Royal Family. Divorces, marital splits, and tales of titillation in the popular press all served to destroy the myths which led the nation to treat its royalty as a different category from ordinary mortals.

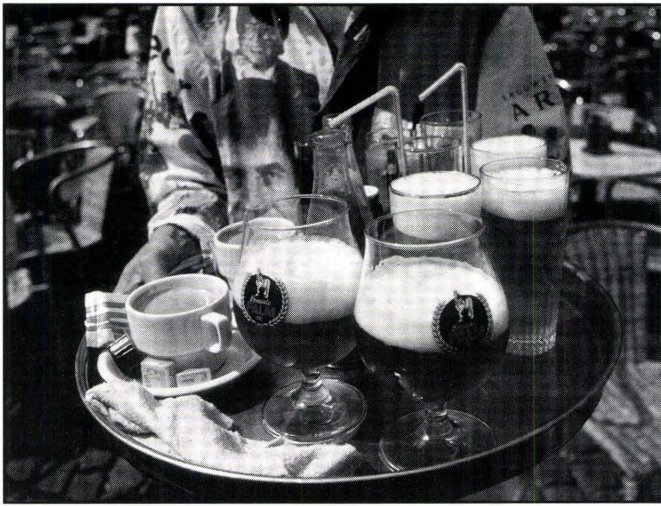
If the "Royals" behave like the rest of us, popular sentiment held, then they should pay taxes like the rest of us. And naturally, as is human nature, the throne has made every effort to minimize the extent of its wealth.

Thus one of the greatest mysteries of our time—how wealthy is the Queen?—remains unsolved. Stories have abounded for years claiming that Queen Elizabeth is the world's richest woman.

Not true, says her chief accountant Lord Airlie. "Estimates of Her Majesty's wealth have ranged from 100 million to billions of pounds," said the Lord who will fill in the Queen's tax form, "Her Majesty has authorized me to say that even the lowest of these estimates is grossly overstated."

The difficulty in unraveling the mystery lies in separating what belongs to the monarchy and what belongs to





The Belgian government has agreed to a Green tax, which will include a hike on bottles and cans of beer.

the nation. Now that she has agreed to pay income tax, we may never know, because as Prime Minister John Major said when announcing the agreement, the Queen "will have the confidentiality of any other taxpayer."

That is the other word on the buff envelope "PRIVATE."
—David Lennon

BRUSSELS

ECO-TAXES

The European Community's proposal to the Earth Summit in Rio last June for a steeply-rising tax on non-renewable fuels (provided that the United States and Japan adopted similar measures) did not get very far in the face of a blanket rejection by former President George Bush. It remains to be seen whether the Clinton administration will be more forthcoming.

In the meantime, Belgium has decided to introduce its own environmental protection taxes, or eco-taxes as it prefers to call them. The initiative was not taken by the Belgian government itself, a left-center coalition led by Flemish Christian Democrat Jean-Luc Dehaene. It was forced upon it by the Greens, who are normally in opposition but whose votes were ur-

gently needed to pass the government's constitutional reform proposals which will turn Belgium into a federal state.

To the horror of the Belgian employer's organization, the government agreed with the Greens that a tax would be slapped on five categories of products—paper and cardboard, electric batteries, disposable razors and cameras, bottles and cans for mineral waters, beer and soft drinks, and industrial packaging especially for pesticides, as well as on the pesticides themselves. In each case, the tax will be remitted or reduced if recyclable materials are used.

It is far from clear how much revenue will be raised by the taxes, but it is likely to be substantial, unless Belgian customers switch their attitudes on a massive scale to rival products not subject to the tax. This is, of course, the aim of the Green parties, which hope that plastic and tin containers will eventually be phased out.

Dehaene himself shares this view, saying that the ideal eco-tax is one which produces no yield. What yield there is may come later than originally intended, thanks to intensive lobbying by the Belgian chemical industry. It is a major producer of PVC (polyvinylchloride), used extensively in the manufacture of

mineral water bottles, of which 200 million are consumed in Belgium each year.

These would be taxed at the rate of almost 50 cents each, greatly increasing the cost of bottled water.

The trade unions, anxious about the employment consequences in the industry, joined the agitation, forcing both the government and the Greens to have second thoughts. As a result, the tax on PVC will not be applied until July 1994, and a parliamentary committee will meanwhile examine the likely effect on jobs.

Even without covering PVC, the Belgian tax proposals go well beyond anything introduced elsewhere. Belgium has emerged as a rather unlikely candidate to be considered the most environmentally conscious country in the world.

—Dick Leonard

AMSTERDAM

GAYS IN DUTCH ARMY

The Dutch Ministry of Defense recently shipped 2,000 issues of *Playboy* magazine to the Dutch troops that take part in the UN peace-keeping forces in former Yugoslavia. A few weeks later, the ministry was offered 150 free copies of *MaGAYzine*, a journal for homosexuals. They were gladly accepted and also shipped to the troops in Yugoslavia by the armed forces. The editor of *MaGAYzine* said the issue contained beautiful male nudes and homo-erotic stories. Not only homosexual soldiers, but also heterosexual army-women based in Yugoslavia will love it, he ensured.

The Dutch military abolished the official ban on homosexuals in the armed forces in 1974. In the past ten years, according to a leading spokesman of the gay community, the emancipation of homosexuals within the army

has advanced tremendously. In 1987 a Foundation for Homosexuals in the armed forces was set up. At present, it counts 650 members and is fully subsidized by the Ministry of Defense.

According to its executive secretary, Joost Schaberg, gays and lesbians function very well in the armed forces, even though they encounter irregular prejudices and sometimes name-calling. Problems raised in the US-debate on lifting the ban on homosexuals in the military, like sharing showers or cramped living conditions, have proved to be surmountable. Apparently it does not influence professional careers, either. A former chairman of the foundation for homosexuals in the armed forces was promoted recently to the rank of colonel.

Ironically, while the presence of homosexuals in the military is not a hotly debated issue, the question of homosexual teachers has deeply divided the Netherlands. In February, parliament passed a law on equal treatment, that is meant to safeguard non-discrimination on the basis of race, religion, gender or sexual orientation. This is also guaranteed in the first article of the Constitution, but another article guarantees the religious freedom of education. Orthodox reformed protestants have used this constitutional right to ban homosexual teachers from jobs in their schools on the basis of their religious convictions.

The new law, adopted after about ten years of political debate, is a shrewd effort to overcome this job-discrimination by stating that "the single fact" of someone's sexual disposition is not a sufficient cause to refuse someone a job or dismiss him/her as a teacher. Though orthodox protestants protested, the law was adopted by a large majority.

—Roel Janssen

DUBLIN

WOMEN'S RIGHTS

Nineteen-ninety-three looks like a good year for those campaigning for women's rights. There are more women than ever before in the new parliament, there is a new Ministry for Equality, and the high-powered Commission on the Status of Women has made over 200 recommendations on removing existing discrimination, a goal the new government has promised to make a priority.

An opinion poll on "how women see themselves in Irish society today" commissioned by *The Irish Times* shows, however, that three quarters of women see motherhood and providing for family as their most important role in life. Other roles such as a career, self-fulfillment, and shaping society were rated in single figures in comparison with the homemaking role.

Two out of every three women questioned said that President Mary Robinson was the woman they most admire followed by Mother Teresa of Calcutta (24 percent). Asked what "categories" of women they hold in most esteem 75 percent of those questioned said full-time wives and mothers. Office cleaners who work early mornings and late evenings came next at 55 percent.

Irish men are seen to fall below expectation by many women in sharing responsibility for family life. This is especially so in such activities as school homework, getting children ready for bed, shopping, and vacuuming.

Feminism was not understood or had not been heard of by about one-fifth of the women questioned, but these were largely elderly women living in rural areas. Only a very small number overall

see feminism as applying to "dominant and aggressive" females. The majority take a balanced view of the feminist agenda as enhancing the role of women in a society which they would like to evolve in a way that respects the contribution of women.

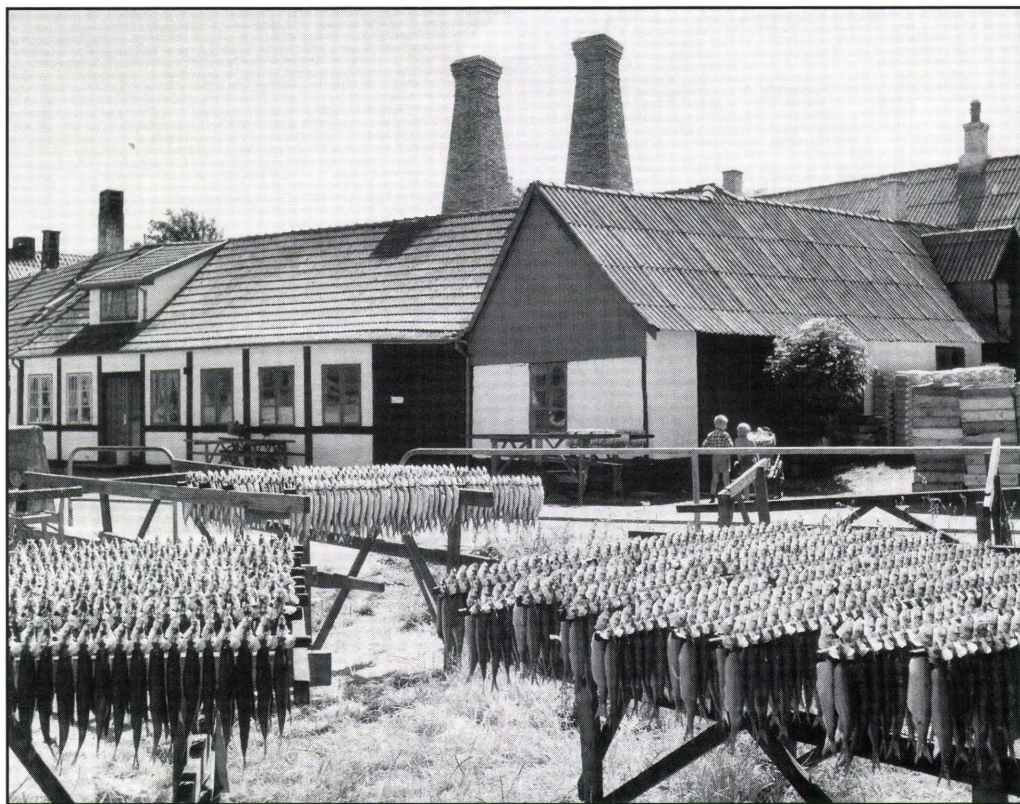
The 530-page report by the Commission on the Status of Women is seen as a landmark, but one of its recommendations that there

against clubs which discriminate against women; sterilization to be available in all public hospitals; and a fairer taxation system for married women.

The government has promised a referendum to introduce divorce early next year, and legislation to allow abortion in cases where the health of the mother is threatened is also promised. But both issues arouse strong

few small islets. Bornholm, with a population of 50,000 is in distress. And there is little hope that a special government task force will be able to make much of an impact on the crisis.

Some of the problems are microcosms of what is happening elsewhere in Denmark and in the European Community. Farmers have to adapt to smaller subsidies, whether or not the GATT ne-



Bornholm smoked herrings are a favorite delicacy throughout Denmark.

should be a minimum gender balance of 40/60 women to men in politics and all areas of public life was ignored on the day of publication when the list of 11 people, whom the prime minister and his deputy appointed to the Senate, contained only one woman.

Other major recommendations include: an Equal Rights Amendment to the Constitution; a Cabinet minister for women's affairs; a referendum on divorce and legislation on abortion; improved childcare supports; penalties

feelings of antipathy among conservative Catholic groups, especially the abortion proposal, which is the result of a ruling by the Supreme Court.

—Joe Carroll

COPENHAGEN

ISLAND IN DISTRESS

Symbolically, a ballad entitled "Expect No Mercy" won first prize at a music festival on the small Baltic island of Bornholm, the eastern outpost of Denmark barring a

negotiations succeed or not. Production has to come down, but many farmers need to produce more to survive financially. Virtually the only way to leave a farm is through bankruptcy, because mortgage institutions and banks want no part of financing farming if they can possibly help it.

On Bornholm the situation is worse than elsewhere, because of the distance to major consumer markets like Copenhagen. And because alternative jobs are virtually nonexistent. The formerly

LUXEMBOURG

REVIVE YOURSELF AT A SPA

Located only 13 miles from the capital, Mondorf-les-Bains offers the weary traveler a chance to restore his or her strength, bathing in a thermal pool of spring water, drinking mineral water to cleanse the body, and exercising with state-of-the-art equipment.

The spa's hot springs were found when the Luxembourg government encouraged salt-mining expeditions in the 1800s to escape a tax that the Dutch imposed on salt imported into Luxembourg. Miners at Bad Mondorf drilled more than 730 meters in 1846—the deepest bore in the world at that time. But no salt was found. What was discovered was the spring that turned the nondescript town on France's border into a mecca for reinvigorating one's health.

The Luxembourgois and others quickly claimed that the water had curative powers, extolling its virtues for everything from being a laxative to improving appetite. Its spa director concluded: "Mondorf medicinal water produces vitality of the parts and the whole and an improvement in general well-being, strength, and health."

At the height of the Belle Époque, spas throughout Europe drew royalty, famous writers, industrialists, and the nouveau riche. At Bad Mon-

dorf, a list of visitors was published daily in Luxembourg's newspapers.

The town boasted of being the birthplace of "Hercules" John Grun, reputed to be the "strongest man in the world." In 1896, it had the country's first indoor pool.

French writer Victor Hugo, French composer Maurice Ravel, and in more recent years, pianist Arthur Rubinstein, and Jean Monnet, the founder of the European

Community, were among Mondorf's many influential and famous visitors.

—James D. Spellman

MADRID

POLITICAL COMPETITION

With the economy in the doldrums, mounting



The spa at Bad Mondorf has long been a mecca for reinvigorating one's health.

Community, were among Mondorf's many influential and famous visitors.

Operated by the state since 1886, the spa was completely remodeled in the last two decades. An indoor and outdoor thermal pool are only part of the many facilities available to visitors. Weight machines, special treatment programs for rheumatism and arthritis, and diet regimens are provided. Aqua-stretching, Fango mineral-mud treatments, anti-smoking programs, and even martial arts training are also available.

Bad Mondorf has also played a role in the EC's history. Its convention center was used for a meeting of the EC's Foreign Ministers in

charges of corruption, and general voter discontent, Spain's ruling Socialists could meet their match after more than a decade in power from a revitalized opposition party scented victory in the next general elections, which will probably be called in October.

At a recent convention, the center-right Partido Popular (PP) picked party leader José María Aznar as its candidate to oust the Socialists led by Prime Minister Felipe González who have won the last three general elections.

But this time the PP may have a chance. The most recent opinion polls have shown that Aznar's party is just a scant 3.5 percent behind the Socialists in voter

thriving fishing fleet, operating not only in the Baltic, but as far as Newfoundland and Greenland, has been laid up almost entirely. Quotas have limited catches everywhere. In the Baltic pollution has decimated the fish stock, and the former communist fishing fleets are selling fish to Danish and other EC fish processing industries at prices that do not even cover variable costs.

Industry has never really rooted itself on the island, quarrying was important—the imposing Danish parliamentary building and many others embody stone from the island—but only a little is left. Only one major asset remains—the beauty of the island itself. The service sector, and especially the tourist industry, is the only promising area of future growth. Farmers, stonemasons, and fishermen do, however, find it difficult to seek work as waiters, and given the climate of Denmark, many of the jobs on offer are seasonal.

The collapse of communism in East Germany and Poland has benefited Bornholm. Air and sea links with the former East Germany and Poland have been established, and the island is now an EC-supported media center, providing training for journalists and others from the former communist countries on the Baltic Rim.

Bornholm was a part of the Danish territories east of the Sound ceded to Sweden in the 17th century. But they immediately rebelled against their new Swedish masters and swore allegiance to the Danish monarchy. Their choice was eventually respected by the Swedes. The people of Bornholm still speak a dialect close to Swedish. But they expect help from both Denmark and the European Community.

—Leif Beck Fallesen

approval compared to an almost 11 point lag in the 1989 elections when the Socialists lost their overall parliamentary majority.

A mustached, 40 year-old lawyer, Aznar is touting change as the solution to the country's deep problems, which have taken the shine off the government's achievements of last year when Spain hosted the Summer Olympics and staged Expo '92.

"Spain needs a new government. Problems like rising unemployment, general apathy, and the climate of corruption cannot be solved by the same people who created them," Aznar told the PP

faithful.

"It is not a question of left and right. It is a fight between the past and the future, between hope and fear, between unity and division," he says. "The choice is going to be straightforward: continuation or renovation."

Like the rest of Europe, Spain is in the depths of a recession with almost daily announcements of industrial layoffs and business failures. Unemployment is now reaching almost 20 percent, and the peseta has been devalued twice since September. Analysts do not expect a turnaround in the economy until 1994 at the earliest.

As Bill Clinton did in his successful campaign, Aznar is targeting unemployment as the main issue.

"We cannot forget that our first economic objective is creating jobs. This has been the biggest failure of the Socialists' economic policies," he says.

Adding to the Socialists' woes are a string of corruption scandals involving party members, an issue which Aznar keeps hitting in his speeches and interviews.

"The struggle against corruption is not only a moral duty, but necessary for the revitalization of democracy," he said in his convention speech.

Besides lambasting the Socialists, the PP is also trying to convince voters that its new leaders (many of whom are in their thirties and forties) and new ideas are modernizing a party which for the past decade has suffered from its image as the party of Francoist right-wingers.

And Aznar claims that comfortable political labels mean little to voters desperate for change.

"Today, the people do not want ideological definitions, but rather answers to their problems," he recently told the Madrid daily *El País*.

—Benjamin Jones

NEWSMAKERS

By May, when he will follow up his European tour with a series of US concerts, **Zuccher**o hopes that it will not just be Italians who applaud him as one of the hottest rhythm and blues stars around.

The chubby Zuccher (whose name means sugar), discovered the R&B sound in his native Bologna when he was just 12. A university exchange student from Memphis, Tennessee, taught him the guitar and played him the records of **Otis Redding** and **Marvin Gaye**. In 1984 he recorded his first album, *Gold, Frankincense, and Beer*, with bass player **Randy Jackson**, who had worked with **Aretha Franklin** and **Sly and the Family Stone**.

Since then, Zuccher has recorded with **Miles Davis** and **Luciano Pavarotti**, has sung duets with **Sting** and **Paul Young**, has backed **Eric Clapton**, and has become a phenomenon in Italy.

Now he is taking his particular brand of Italian R&B abroad and continues to stand on stage in his Versace jacket and jeans, strumming his guitar and singing soulfully about "*miserere, miserere, miserere, miero me!*"

•••

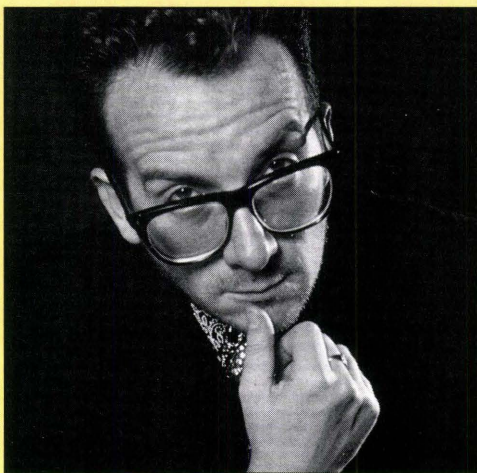
Never one to shy away from public exposure, **Luciano Benetton** (58) has bared all for a poster. The head of the Italian knitwear company that is known as much for its controversial advertising campaigns as its colorful pullovers, posed naked for an ad inviting the public to "Empty Your Cupboards" and donate old clothing to the Red Cross.

Charity, not vanity, says Benetton, prompted him to flash at the flash bulbs, because "after a certain age, one does not expose one's nudity for vanity."

In the Italian parliament, where Benetton sits as a senator, his striptease was criticized and then promptly imitated. Arguing that anything a senator can do, a deputy can do better, the younger, trimmer **Vittorio Sgarbi**, a liberal parliamentarian and art critic, appeared nude on the cover of the magazine *L'Espresso*. A delighted public is now waiting to see who the next Italian political pin-up will be.

•••

For more than four centuries, Shakespeare's star-crossed **Juliet** has inspired lovers everywhere. Letters from the lovelorn addressed to her have been arriving at her hometown post office



Elvis Costello

The 2,000 pieces of purple prose that have poured in over the last year—each and every one answered by a team of dedicated volunteers—have inspired an unlikely Romeo. The provocative

British rocker **Elvis Costello** read about Juliet's pen-club and decided to write a collection of musical "letters" exploring love and betrayal. His collaborators on the just-released album, entitled *The Juliet Letters*, are the classical **Brodsky Quartet**. Later this year Costello and the string quartet will take Juliet's letters on a world tour, no doubt causing a fresh load of emotional epistles to land on Miss Capulet's doorstep.

•••

On his arrival back home in February after a 1,350 mile trek across Antarctica, the British explorer **Sir Ranulph Fiennes** (48) described the experience as "the nastiest four months of my life." He and **Dr. Michael Stroud** (37) can pride themselves on being the first to have crossed the Antarctic land mass on foot, without dogs to pull their sleds or aircraft to drop supplies.

ever since MGM gave Verona some lavish publicity for its 1937 *Romeo and Juliet* film.

During the last decade the flood of tear-stained correspondence started to dry up, so a group of Veronese dignitaries formed the *Club di Giuletta* (Juliet's Club) to encourage lonely-hearts to pour out their unhappy passions on paper—and give the town's tourist industry a boost at the same time.

Inside EUROPE

APRIL 1993

VOLUME 2/NUMBER 3

PROVIDING ASSISTANCE TO RUSSIA

Now that assistance to Russia is once again the dominant topic among the Western nations it is a good time to look at exactly what the EC, the individual European governments, and the US have actually provided to the Russians in financial aid.

With the uncertainty and turmoil escalating in Russia, foreign and finance ministers from the G-7 nations will meet in Tokyo on the 14th and 15th of this month "to discuss concrete ways and means to assist Russia."

With the West now unveiling its second, more closely targeted phase of its assistance program for Russia, whatever happened to the \$24 billion package promised for 1992? Or are the Russians right, that very little of what was promised has actually been delivered?

In fact, the Russians got only about \$10 billion from the proposed package from the West last year. Most of that was short-term credits linked to their importing specific products from specific donors. Included in the \$10 billion is \$1 billion from the International Monetary Fund. Russia had been promised \$4.5 billion from the IMF and World Bank, but unchecked money growth and the resulting spiralling inflation made it impossible for these international agencies to disburse more.

Eleven billion dollars was to be in the form of bilateral aid from Western nations. This is the account from which most of the cash actually came. There was food aid from the United States, technical assistance from the United Kingdom, and humanitarian aid from the European Community. But other bilateral aid—including several hundred million dollars from Japan—was not disbursed because, as the Japanese say, the aid pipeline was blocked and the Russians failed to spend what was already provided. By far the biggest bilateral donor has been Germany, accounting for \$3.1 billion, or 25 percent of all bilateral aid. The United States disbursed less than \$2 billion.

The West, as part of the \$24 billion package, listed as aid \$2.5 billion of deferred payments on the up to \$80 billion debt the Russians inherited from the Soviet

Union. In fact, the Russians stiffed their Western creditors for much more, obtaining in effect over \$7 billion dollars of debt relief in 1992.

Another \$6 billion (of the \$24 billion) was a special fund to stabilize the value of the ruble on world currency markets. Monetary chaos and a steadily falling free market price for the ruble meant the stabilization fund was never activated. IMF Managing Director Michel Camdessus tells the Russians they should think of the stabilization fund as cash, "there (available) on the shelf, waiting for better times."

During his meeting with Helmut Kohl on March 26th, President Clinton said in preparing the new aid package his staff had made a thorough analysis of what went wrong last year. This year's version, he said, is broader-based and comprehensive, intended to avoid the bottlenecks of 1992.

Concerning broader aid to all the former Soviet republics, the European Community and particularly Germany have borne the biggest burden by providing the bulk of assistance in the last several years. Since September 1990 the EC and its member states have provided \$62 billion dollars. That accounts for over 70 percent of promised global assistance to the new republics. Germany alone has provided nearly \$50 billion to Russia and the other successor states since 1989. "It is," says Chancellor Kohl, "fifty percent of all Western help so far. But with that," he says, "we have reached the limits of what we can afford."

The new Western aid package, unveiled at the Clinton-Yeltsin Summit in Vancouver, is likely to be more effective than the much ballyhooed \$24 billion 1992 program. First, there is the immediate prospect of \$2 billion in US equipment to refurbish the Russian oil and gas industry, which can earn Moscow badly needed foreign exchange. Second, resolution of the long-standing assets dispute between Ukraine and Russia opens the way to completing the long-delayed accord to reschedule debts incurred by the former Soviet Union. Third, more IMF and World

RUSSIA (CONTINUED)

Bank loans are forthcoming. In short, the West has shown practical support for President Yeltsin and his beleaguered reformers. But as in 1992, the Russian government will be the major player in determining how much aid is actually disbursed. Hopefully, money won't be poured into a hole. And like last year, a key test is whether the central bank—through exercising vital monetary restraint—can be made a credible partner in implementing the government's reform program.

—Barry D. Wood

E.C. NEWS

RASMUSSEN, DELORS TO VISIT WHITE HOUSE

EC Commission President Jacques Delors and Danish Prime Minister Poul Nyrup Rasmussen will meet President Bill Clinton in Washington on May 7th.

This is the latest in the twice yearly EC-US meetings which were agreed to in the November 1990 Transatlantic Declaration on EC-US relations.

The Danish Prime Minister will be attending in his capacity as President of the European Council.

Rasmussen, a Social Democrat who took office in late January a few days after Clinton was sworn in as president, has listed close ties with the Clinton administration as one of the priorities of Denmark's six-month EC presidency.

The Danish leader who has voiced strong support for Clinton's aims to promote economic growth, jobs, and social justice will visit the Washington shortly before Denmark holds its second referendum on the Maastricht Treaty on May 18.

UK HOPES TO RATIFY MAASTRICHT BY AUGUST

British Prime Minister John Major is sticking to his target of ratification of the Maastricht Treaty by the end of July.

The government's plan suffered a setback in the House of Commons in the first week of March, when 22 members of Major's own Conservative party defected to the Labor Party and supported an oppositional amendment to the Treaty.

Despite this recent defeat, however, the prime minister is confident that the legislation will pass all the remaining hurdles—including the House of Lords—before Westminster recesses for the summer break. "The Treaty is in the national interest, and we will pursue it," Major insisted.

Major said that there were signs that some of the estimated 30 to 40 Tory opponents to the Treaty may now be willing to support the bill.

ADMISSION TALKS WITH NORWAY

The EC Commission is expected to formally open negotiations for Norway's admission to the European Community this month. The way was cleared for talks to begin on Norway's application after the EC Commission adopted an EC report in mid-March. The negotiations are expected to be brought quickly up to speed in order to proceed with the enlargement talks with Austria, Finland, and Sweden which began on February 1.

LANDSLIDE WIN FOR FRENCH CONSERVATIVES

The Interior Ministry reported that the Gaullist Rally for the Republic (RPR), led by Jacques Chirac, won 247 seats in the National Assembly, and its center-right ally the Union for French Democracy (UDF), led by Valéry Giscard d'Estaing, won 213, which combined with 24 other conservative seats gives the conservative opposition alliance 484 seats out of 577.

The Socialist Party won 70 seats. The Communist Party took 23, while France's other main political groups, the ecologists and the far-right National Front, did not win any seats.

Socialist President François Mitterrand addressed the nation in a live televised speech: "In electing a very big majority to the National Assembly, you have made clear your wish for a new policy. This wish will be scrupulously respected."

The French president appointed Edouard Balladur prime minister. Balladur, a 63 year-old Gaullist who served as finance minister in 1986-1988 under Jacques Chirac, has chosen a youthful, pro-European cabinet that includes: Alain Juppe, 47, foreign affairs; François Leotard, 51, defense; and Edmond Alphandery, 49, economy. Also, Simone Veil, 65, a former president of the European Parliament, was named head of the ministry overseeing health, social, and urban affairs.

REVIEW DATE URGED FOR EAST EUROPEAN APPLICANTS

EC Commissioner Hans van den Broek, who recently returned from a trip to Prague, stressed the need of giving aspiring members from the Visegrad three—Hungary, Poland, and the former Czechoslovakia—a review date for their eventual membership. The Visegrad three signed accords with the Community last year and they will most likely be among a second wave of new members, after the expected admission of Sweden, Finland, and Austria in 1996.

Eastern European countries have expressed their frustration by what they view as EC attempts to isolate itself from the problems caused by the fall of communism in Eastern Europe. Polish Prime Minister Hanna Suchocka told the Royal Institute International Affairs in London that "the sooner this new post-cold war isolationism disappears, the better for Europe and the better for the world".

Suchocka had talks with Prime Minister John Major, as a part of a three day visit to the UK. Major expressed his hope that the trade relations between both countries will continue to grow, and pledged support for Poland's future EC membership. UK Prime Minister, however, said that Poland would have to continue developing its economy before it could become a full member.

DANISH PRESIDENCY TARGETS UNEMPLOYMENT

Danish Labor Minister Jytte Andersen stated that one of the main priorities of Denmark's six-month EC presidency would be to fight unemployment, currently running at a level of 16-17 million EC citizens.

Andersen said that "stability and economic growth in the EC are prerequisites for cutting the current rampant joblessness". The focus of the Danish presidency will be, in particular, on the long-term unemployed, the early retired, and the disabled and

will stress the need for humane employment policies in the EC.

COMMISSION APPROVES SONY PURCHASE IN BERLIN

The EC Commission approved the sale of land in Berlin's historical Postdamer Platz to the Japanese electronics firm Sony Corp. The decision ended a year-long inquiry into whether the Berlin authorities had granted illegal state subsidies to the Japanese company.

Sony is expected to pay 142.3 million marks (\$89 million) and will start to build at the Postdamer site next year, where it will eventually relocate its European headquarters from Cologne.

FORMER EC COMMISSIONER ELECTED GREENS SPOKESMAN

Former Environment Commissioner Carlo Ripa di Meana has been elected national spokesman for the Italian Green Party. Ripa di Meana resigned from his position as environment minister in the Italian government and quit the Socialist Party (PSI).

The new Greens spokesman resigned in protest at plans to water down punishments for corrupt politicians. The PSI has been the party most involved in the corruption scandal that has hit Italy in the last months.

EC POLL TAKEN IN CENTRAL AND EASTERN EUROPE

A recent EC Commission public opinion survey of 18 Central and Eastern European countries found that awareness of the Community is high and that the EC is seen as the region's most important future trading partner.

Seventy one percent of those questioned had heard of the EC and almost half had a positive view. Outside of the CIS, the EC was mentioned as the most important future trading partner, ahead of Russia and the United States. Furthermore, over three out of four individuals support future EC membership.

However, many (40 percent) are impatient with the pace of reform, and half say that they were better off previously. Sir Leon Brittan, EC Commission Vice President for External Economic Affairs, commenting on the survey: "We must buttress faith in the free market throughout the region by setting an example. Opening our markets will be a major boost in helping these countries in their current difficulties."

BUSINESS BRIEFS

Asea Brown Boveri, Europe's biggest electrical engineering group, is bucking the recession in Western Europe and North America by moving deeper into Asia and Eastern Europe.

Swiss-Swedish ABB plans to spend \$1 billion over the next five years expanding its presence in Asia where its order book ballooned by 34 percent or \$6 billion, last year.

While shedding 1,000 jobs a month

over the past two years, mostly in Western Europe, ABB has been steadily boosting activities in Eastern Europe where it now employs over 20,000 people. The payroll will double by 1997 when the region will generate \$2 billion in sales, some six percent of total revenues.

...

Nissan plans to export 12,000 vans a year from its Spanish plant in Barcelona

WHAT THEY SAID....

WHAT THEY SAID

"I am very optimistic that it's going to develop so that we're going to have a Yes on the 18th of May"

—*Danish Prime Minister Poul Nyrup Rasmussen.*

"If I go to a wedding and the bride's father welcomes me but the dog bites me on the leg, then perhaps I should think about another way of getting the girl."

—*Austrian Finance Minister Ferdinand Lacina about recent difficulties in his country's admission talks with the EC.*

"It is a dangerous naivety to expect that Western Europe can isolate themselves with a 'cordon sanitaire' from the problems which came into existence after the fall of communism. The sooner this post-cold war isola-

tionism disappears, the better for Europe and the better for the world"

—*Polish Prime Minister Hanna Suchocka.*

"A successful industrial nation, a nation with a future, cannot be organized like a collective amusement park."

—*German Chancellor Helmut Kohl, commenting on the fact that Germany has the shortest work week, the oldest students, and the youngest pensioners among industrialized countries.*

"If political squabbling is not halted, if no resolute actions are taken to resolve the political crisis, if no powerful momentum is given to the economic reforms, the country will be pushed into anarchy"

—*Russian President Boris Yeltsin*

NEW DEPUTY HEAD OF WASHINGTON DELEGATION

James Currie, a native of Scotland, is the new deputy head of the Washington delegation of the EC Commission. Mr. Currie, 51, previously served as Chef de Cabinet for Sir Leon Brittan, vice president of the Commission in charge of competition and financial institutions. He replaces Corrado Pirzio-Biroli, who is now head of the EC delegation in Vienna.

to Japan from 1994.

The Japanese automaker already ships 10,000 cars each year from its British factory in Sunderland to Japan and Taiwan.

...

Aerospatiale, France's state-owned aviation firm, has teamed up with the Russian aerospace industry to develop new aircraft, possibly including a supersonic jetliner to succeed the Anglo-

BUSINESS BRIEFS (CONTINUED)

French Concorde.

The new partners also are mulling a super jumbo jet able to carry up to 700 people to compete with a similar plane planned by **Boeing** and **DASA**, the German aerospace group.

...

Deutsche Bank, Germany's largest bank, dropped a bombshell by questioning whether it should retain a 28 percent stake it's held for 60 years in **Daimler Benz**, the country's biggest industrial combine.

German banks and insurance firms have always held sizeable chunks of industry, making Anglo-American style takeovers virtually impossible, allowing companies to take a long term view rather than concentrating on short term profit maximization.

That's no longer a recipe for success according to **Renaldo Schmitz**, Deutsche Bank's corporate finance director, who wants foreign institutional investors to sit on the powerful supervisory boards of German companies.

...

While **Coca Cola**, **Pepsico**, **McDonalds**, and **Philip Morris** pile into Eastern Europe, the pioneering US investment in the region has hit trouble.

General Electric has just pumped \$195 million into **Tungsram**, its 75 percent owned Hungarian lighting company which suffered its third consecutive loss last year and will remain in the red in 1993. This takes GE's total investment in Tungsram to \$500 million, way above the \$150 million it spent on an initial 50 percent stake in 1990, in one of the first Western investments in post-communist Eastern Europe.

...

Roussel-Uclaf plans to start selling its controversial French abortion pill RU-486 in the US in the summer of 1994. Clinical trials get underway soon.

German parent **Hoechst AG** wouldn't release the drug in the US last year because of the Bush administration's hostility toward abortion. The policy change follows the election of Bill Clinton who supports abortion rights.

...

Epirotiki Lines, a leading Greek cruise ship line, has forged a strategic transatlantic alliance with two Miami-

based operators **Carnival Cruise Lines** and **Dolphin Cruise Line**.

The three companies will each take a one-third share in a new firm which has taken over one of Carnival Cruise's ships which Epirotiki will operate in the eastern Mediterranean.

...

Volkswagen's hiring of **General Motors** executive **Ignacio Lopez de Arriortua** captured the headlines, overshadowing an equally important job move at another German car maker, **BMW**.

While Mr. Lopez, reputed to be one of the toughest managers in the auto industry, takes charge of VW's global production, BMW replaced its retiring chairman with the youngest member of its board, 45 year-old production chief **Bernd Pischetsrieder**.

Mr. Lopez moves to a company that suffered an 87 percent plunge in 1992 net profits to \$88.5 million while Mr. Pischetsrieder takes the helm of a group that reported 1992 profits only slightly down at \$436 million from \$486 million.

BMW, riding high on the success of its new 3-series model is outselling arch rival **Mercedes Benz** for the first time.

...

Privatization moves into top gear in Eastern Europe as the Czech Republic prepares for an \$18 billion sell-off in the summer and Hungary launches a drive to create a share-owning democracy.

The Czech sale involves more than 2,000 companies including some left on the shelf after the first privatization program in early 1992 when some 8.5 million people bought vouchers to buy into a wide swath of industry from engineering to brewing.

Hungary has appointed London merchant bankers **J. Henry Schroder Wagg** to help devise a way of giving millions of small investors concessions, including cheap loans, to buy the assets of state companies.

But Poland suffered a setback after its parliament rejected the government's planned mass privatization program.

...

The Amsterdam Stock Exchange, the world's oldest, is turning to computer trading to stem the loss of business to the city of London.

The Bourse, Europe's fourth largest,

is introducing screen-based trading for large transactions involving the 30 most active stocks, eliminating the middlemen, known as Hoeklieden, or corner members.

Amsterdam has lost 40 percent of Dutch share transactions to London and even local investors in domestic stocks place almost half of their business with foreign brokers, again mostly in London.

...

Haka-Stroi, a Finnish engineering firm, signed a two year deal with **Westinghouse Electric** to tap the potentially lucrative power generation market in the Baltic states and the Commonwealth of Independent States (CIS.)

Haka-Stroi is a unit of **Haka**, a construction firm that has been active in CIS markets for over 20 years.

...

KLM Royal Dutch Airlines, **SAS**, **Swissair**, and **Austrian Airlines** set a mid-April deadline to reach agreement on a strategic alliance that will create a new force in European air transport with annual revenues of \$12 billion.

The carriers likely will create a joint holding company to coordinate strategy for a global airline system utilizing several European hub airports.

KLM, SAS, and Swissair are each expected to take 30 percent of the holding company, with smaller Austrian Airlines holding the remaining 10 percent.

The carriers see the alliance as the best way to ensure their survival in a deregulated European air transport market that will be dominated by the big three, **British Airways**, **Air France**, and **Lufthansa**.

SAS, Swissair, and Austrian Airlines already work together in a loose partnership called the **European Quality Alliance**. Swissair has a 10 percent stake in Austrian and plans to take a 7.5 percent share in SAS.

—Bruce Barnard

INSIDE EUROPE

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LISBON

LOOKING FOR PEACE IN ANGOLA

Portuguese Foreign Minister José Manuel Durão Barroso called on UNITA (National Union for the Total Independence of Angola) rebel leader Jonas Savimbi to resume negotiations with the Angolan government in order to stop the renewed fighting in Angola.

Despite the recent efforts by Portugal, the United States, and Russia to bring peace to the African country,

Durão Barroso expressed his doubts about the possibility of reaching a diplomatic solution. "Diplomacy has tried everything. The peace process observers have clear positions, and there are unequivocal resolutions from the United Nations. But the war has continued with a cruel indifference." The foreign minister added that he did not know if his appeal would get any results, "but I would not have a clear conscience if I did not make it."

Angola, a former Portuguese colony in west central Africa 14 times the size of Portugal, is rich in oil, iron ore, and diamonds. The Por-

tuguese arrived in the region in 1483 and encountered the Kingdom of Congo. Within a short period of time, the kingdom was settled and tied, along with the rest of west central Africa, to the demands of the transatlantic slave trade.

Not long after Angola gained independence from Portugal in 1975, a 16-year civil war began between the Marxist-oriented MPLA (Popular Movement for the Liberation of Angola) and UNITA. Portugal, along with the United States and the former Soviet Union, negotiated the peace accords that were signed in Bicesse, Portugal,

in 1991. However, civil war erupted again last year, when UNITA refused to accept its defeat in the September UN-supervised elections.

Renewed fighting has been reported recently in Huambo, the second largest city and former headquarters of UNITA. The government announced on February 15 that it had regained ground from UNITA rebels in Huambo, but at least six thousand civilians had died in over a month of fighting.

Portuguese Catholic Radio Renascença reported that the international observers had given UNITA rebel leaders until February 19 to schedule

But the pair had to stop 350 miles short of their planned finish at Scott Base, as they were finally overcome by exhaustion, lack of food, frostbite, and gangrene. They had struggled on heroically for as long as they could, pulling their 450 pound sleds in four daily three-hour stretches, surviving on freeze-dried food and chocolate.

When they were picked up, they had lost 125 pounds between them, were both suffering from frost-bitten lips, nose, fingers and toes, and Fiennes had developed gangrene in one foot.

Obviously a breed apart, no sooner had the two landed at Heathrow and said hello to **Prime Minister John Major**, then they were off to an Army research center to sit in tubs of water—not steaming hot to soothe their aching bones, but ice-cold, just to show how their bodies have stood up to the torture test they had just undergone.

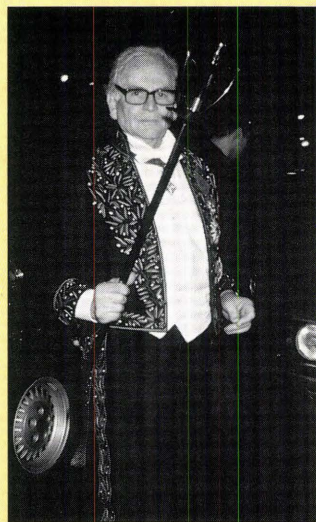
The French couturier **Pierre Cardin** (70) is the first representative from the fashion industry to be elected to France's prestigious Fine Arts Academy.

For the induction cere-

mony Cardin designed his own suit—in blue instead of the traditional green, just to set himself apart a little from the uniform look of his fellow academicians. Another feather in his cap: his first book *The Tale of the Silkworm* has been awarded the Saint-Exupéry literary prize.

•••

An elderly Polish recluse and a young American opera star have teamed up for the surprise musical hit of the year. The recording of **Henryck Gorecki's Third Symphony**, a haunting work partly inspired by an 18-year old Polish girl's valedictory poem scrawled on a Gestapo cell wall, features



Pierre Cardin

the soprano voice of

Dawn Upshaw. The

record went to number one on the classical charts in the UK and hit the pop charts at the same time, where it

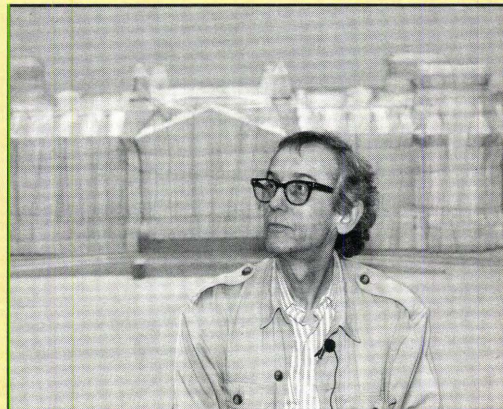
outstripped

Michael Jackson, U2,

and **Madonna**. After going gold in the UK, it is now taking the rest of Europe by storm.

Gorecki (59), who lives quietly in the Polish industrial town of Kartowice, was previously only known in contemporary music circles for some radical, rarely played compositions from the 1950s and 1960s. He is astonished by his sudden success, which he describes as "a miracle."

Upshaw (32), a protégé of the Met's high powered conductor, **James Levine**, is no stranger to the spotlights. Yet she felt an instant rapport with the world-shy Gorecki when she first met him in London. "He sat down [at the piano] and sort of moaned



Christo

through the piece," she said. "It was extraordinarily moving, and I knew I wanted to sing it."

•••

Twenty years after he first suggested it, Bulgarian-born artist **Christo** (58) may finally get permission to wrap Berlin's Reichstag building in 1.2 million square yards of silver fabric. Christo, who is famous for a number of monumental projects, such as swathing the Pont Neuf in Paris and draping Florida islands in acres of pink cloth, said he would like to wrap the Reichstag in August, when "the sky normally takes on a deep blue color which would set off the silver folds of material."

—Ester Laushway

peace talks with the MPLA government. In the meantime, Durão Barroso wondered, "How many more deaths are needed before everyone realizes that war is not the solution?"

—David Samsó-Aparici

PARIS

LA REDOUTE

With a clientele of 8 million and gross annual sales of \$1.5 billion, it is like no other department store in France—especially since it weighs only four and a half pounds. Twice a year half the French households go windowshopping through the 1,200 pages of *La Redoute* catalogue before spending an average of \$100 per order.

Mail order sales are still a thriving business in France, whereas in the US the popularity of sprawling shopping centers seems to have contributed to the demise of the once mighty *Sears* catalogue. *La Redoute* is the uncontested leader in the field. Seventy years ago it first appeared as a three line, 17 word newspa-

per ad for knitting wool. Now it is a veritable encyclopedia of consumer goods, selling everything from spoons and sheets to swings and stereos. But its biggest moneymaker, accounting for 70 percent of the sales, is fashion.

Right now the fall-winter collection is being shot on location in Miami, where a team of 40 photographers is working with 250 models to create the look that will seduce the *La Redoute* customer when the catalogue comes out in June.

She—and there has never been any doubt that it is the female of the species who rules the realm of the mail order catalogue—is typically a busy career woman between 25 and 34 years-old who lives in a town with a population of 20,000 or less. *La Redoute* offers her affordable, stylish, but "safe" fashions that follow trends rather than set them.

Within its pages different boutiques present various styles of clothing to suit the multi-faceted needs of the modern woman. She can be sporty, sophisticated, even

tastefully sexy, preferably all of the above at various times, with a wardrobe to match each of her moods. One thing *La Redoute* will not offer its customers is anything shocking. Let the couturiers taunt, provoke, and expose as much as they like on the catwalk; between the covers of the catalogue a reassuring decency reigns. It is reflected on its cover page, which is always designed to look like a family snapshot: a smiling Mom with at least one happy child and/or Dad beside her.

Vogue it is not, but *La Redoute* since the 1920s has been selling clothes—lots of them—to French women who do not happen to be rich, daring, or anorexic enough to buy haute couture and who like the convenience of having a whole shopping mall at their fingertips.

—Ester Laushway

ATHENS

GETTING READY FOR EMU

Despite the world recession and although Greece's industrial output for 1992 fell one percent, the Mediterranean country's government recently has been spreading optimism about its ability to meet three of the four convergence criteria for Economic and Monetary Union (EMU) by 1996.

According to a 31-page plan presented at a recent meeting of the economic and finance ministers of the Community, the only convergence target Greece will probably miss is the ceiling of public debt as a percentage of gross domestic product (GDP).

Greece's public sector debt amounts currently to 19.6 trillion drachmas or 129.6 percent of GDP; if military spending is excluded, the Greek debt is still 17 trillion drachmas, or 112.4 per-

cent of GDP—far above the 60 percent of GDP envisaged as a tolerable ceiling in the Maastricht Treaty's plan for EMU by 1999.

Despite acknowledging the country's inability to meet the debt target by 1996, the Greek government's ambitious plan is to reduce public debt by about 13 percentage points within the next three years. This should be achieved by a drastic cut in state spending. The target is Greece's huge bureaucracy, which private economists point to as the single most important reason for the country's sluggish economic development.

The Greek government is determined to implement a restrictive policy of one hiring for every three departures during the 1993–1998 period, in order to cut the state payroll significantly. This action is part of a harsh austerity program initiated by conservative Prime Minister Constantine Mitsotakis in 1991. The program, which imposed real wage cuts, is showing its first signs of success: last year the number of central government employees dropped two percent to 248,572.

Restrictions on new hiring will reduce the government's wage bill to 11 percent of GDP in 1996.

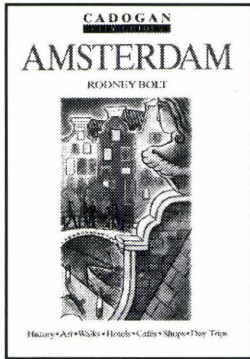
The plan also envisages a tougher monetary policy in Greece that will aim to cut inflation, currently the highest in the EC at 14.5 percent, to under 10 percent by the end of the year and to four percent by 1998, thus meeting the convergence criteria for EMU. This would clear the way for the drachma to enter the Exchange Rate Mechanism (ERM), a precondition for Greek participation in monetary union. The report speculates that the Greek currency could join the ERM possibly within this year, or by July 1994 at the latest.

—Liane Schalatek

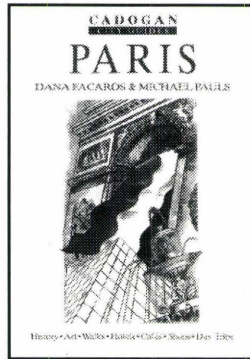


In 1923 it was a three line newspaper ad. Now *La Redoute* is a French institution.

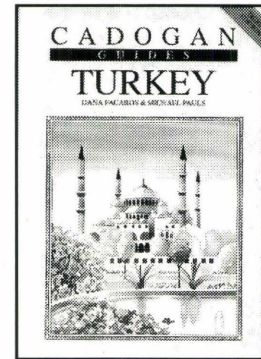
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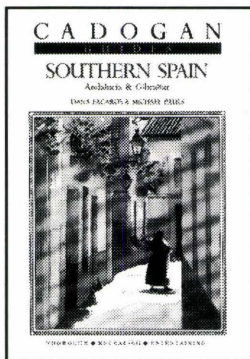
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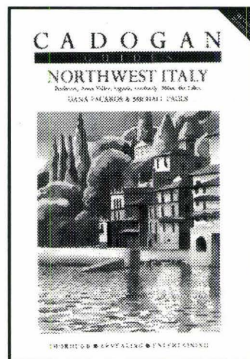
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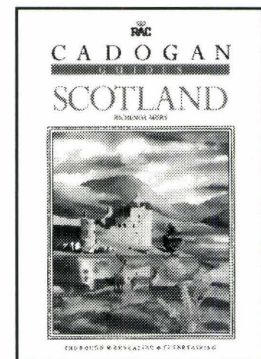
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ARTS & LEISURE



Franco Zeffirelli with actor John Rays Davies on the film set of *Il Giovane Toscanini*.

ARTIST'S CORNER

Franco Zeffirelli

Exuberant, sandy-haired Franco Zeffirelli, one of the towering figures of modern theater as a set designer and director, recently celebrated his 70th birthday. His greatest successes include productions of Mozart, Donizetti, Rossini, Verdi, and Puccini at opera houses throughout Italy—from La Scala in Milan and La Fenice in Venice to Teatro Massimo in Palermo—at Covent Garden in London, the Staatsoper in Vienna, the Paris Opera, the Metropolitan Opera in New York, and the Civic Opera in Dallas. He is also internationally recognized

for directing his film classics of *The Taming of the Shrew* (1966) with Richard Burton and Elizabeth Taylor; *Brother Sun, Sister Moon* (1971) with Alec Guinness; *Gesu di Nazareth* (1976) with Sir Laurence Olivier; Verdi's *La Traviata* (1982) and *Othello* (1986) both starring Placido Domingo; and *Hamlet* (1990) with Mel Gibson. At an exhibition in Rome this month of his costumes and of preliminary sketches for 70 of his theatrical and operatic sets, he reminisced about his 45-year career with writer Lucy Gordon for *EUROPE*.

Where did you get your love of music, theater, and opera?

The musical strain in my

character comes from my father's father, who became a band conductor after going mad and losing his inheritance. During the summers I spent with my wet nurse Ersilia at her home in Borselli, a village about 45 miles outside of Florence, I first discovered the theater. Strange characters, well known and loved by all the villagers, would visit regularly once or twice a month. They spent the evening around the fireplace telling stories—fantastic, tragic, classic stories mixed with real facts and items of news.

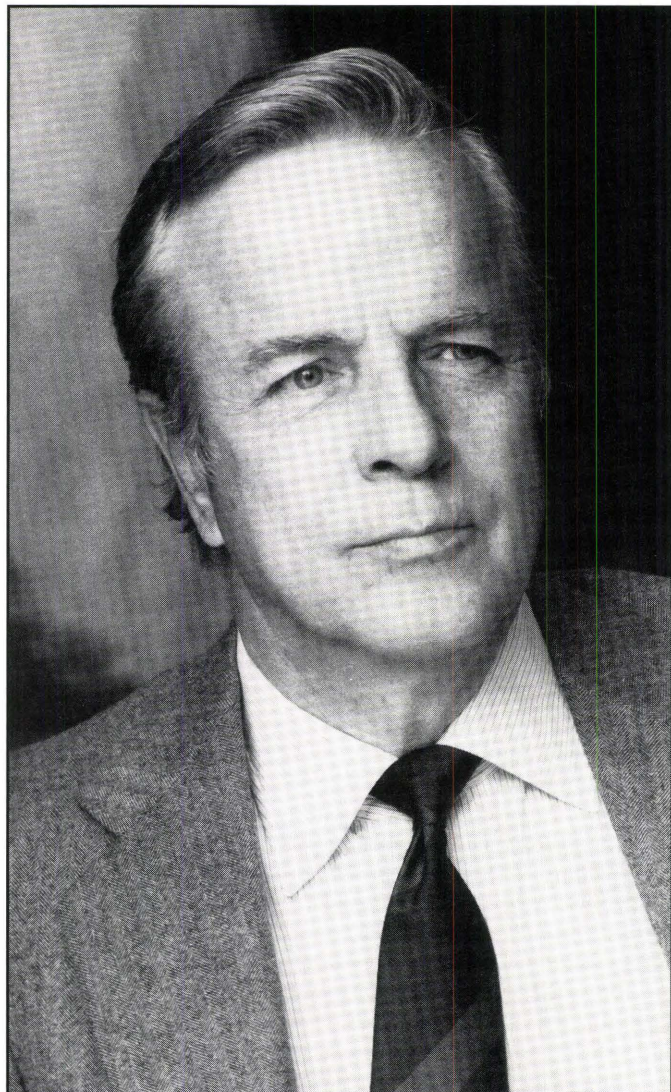
When did you first go to the theater?

When I was about eight or nine, my Aunt Lide's lover, Gustavo, an amateur painter

and baritone took us to the Florence Opera House, where one of his best friends, Giacomo Rimmi, was singing Wotan in *Die Walküre*. After the performance we went backstage. I stared at the backdrops which were being rolled away and at the scenery which the stagehands were dismantling. Determined to reproduce the experience at home, I worked out how I could cut out colored pictures from magazines to reconstruct the rocky landscapes. Since most of my career has been creating stage sets and costumes and making movies of Italian operas, it still surprises me that my first stage set was for a miniature of *Die Walküren*.

When did you make your first professional stage set?

In 1949 for the first European production of *A Streetcar Named Desire* directed by Luchino Visconti and with Vittorio Gassman and Marcello Mastroianni among the stars. At USIS I collected all the information I could on New Orleans, the look of the place, the buildings with their wrought iron fences, the oil street lamps. When I gave Luchino my first sketch, the house where the play is set, he flew into a rage and said it was ridiculous. Worried sick that he would choose another set designer, for a month I made other sketches, until one day I found the courage to say: "Luchino, at the beginning of all this, you had a brilliant idea. I can't think why you discarded it." I told him that I'd



Franco Zeffirelli: "What more could I want?"

redraw it but, instead, the next day I brought him my original first sketch. "This is fine," he said. "This is the way it should be. I'm so glad you remembered." This small trick undoubtedly saved my career.

Was Luchino Visconti your mentor?

The three men who taught me the most were Visconti, American journalist Donald Downes, and conductor Tullio Serafin.

Do you consider yourself more a painter, set designer, stage director, or movie director?

When it comes to the arts, I'm a polygamist. My almost daily visit to the cinema with Aunt Lide and Gustavo was

very important. We saw everything and anything, and I believed in absolutely all of it. I am still very vulnerable to the cinema. Even today I laugh and cry openly and believe quite passionately in what is taking place on the screen. In the 1960s and 1970s, I was a better painter than I am now. My palette had much richer colors. Painting is like playing the piano; a pianist has to practice all the time. My painting has suffered from my film directing. Now I read the libretto or screenplay to get a global picture. Then I take out the paper and pencil and start drawing. *Via!*

Who is your favorite painter?

Veronese and Titian.

Composer?

All Italian opera.

Singer?

Callas.

What do you consider your greatest triumph?

Ask a mother if she has a favorite child.

Then what has been your greatest disappointment?

In 1979 Egyptian leader Anwar Sadat, a Muslim, commissioned a production of *Aida* at the Pyramid of Cheops with Leonard Bernstein, a Jew, as musical director and me, a Catholic, as set designer and stage director. Lenny and I worked hard all summer at his beautiful home in Connecticut, but Sadat's assassination ended our mutual dream that art achieves world peace. I'm also sad the Spanish government is still blocking my *Don Carlos* because the story takes place at the time of the Inquisition.

What are you working on now?

I'm about to start filming *Capinera* or *Swallow*, based on a novella by the great 19th century Sicilian novelist Giovanni Verga. It's the story of a girl who enters a convent at the age of seven. Ten years later, when a cholera epidemic breaks out in Catania, she is sent back home. How does she cope with her new freedom?

What are your future projects?

Several movies: *Jane Eyre* for Berlusconi, the life of Maria Callas, and *Moll Flanders*. In December 1994 I am doing the sets and directing *Madame Butterfly* and in 1995 *Tristan and Isolde* both at the Met in New York. May God give me good health!

If you could, would you live your same life over again?

Yes, what more could I want?

FILM

Berlin Film Festival

The blustery skies and chilling temperatures that prevailed in Berlin during most of the year's shortest month made perfect weather for watching films in a cozy cinema. From February 11 to 22, thousands of filmmakers, distributors, and buyers from arctic and temperate climates alike flocked to Germany for a common purpose: to attend the 43rd annual Berlin International Film Festival.

A selection of close to 400 films and documentaries from European countries, the United States, the Far East, and Africa, was shown around the clock at 16 theaters throughout the city. Twenty-five films competed for prestigious Gold and Silver Bears, the festival's highest honors, while scores of others were screened as part of the alternative Forum and Panorama sections. In addition to the screenings, one of the larger European film markets took place in the city's Cine Center, located directly across the street from the carcass of a bombed out church that serves as a painful reminder of Berlin's history.

One of three major international festivals, Berlin, with an annual budget of \$5.62 million, intentionally lacks the glitziness of the Cannes festival held each May and the discreet artsiness of Venice in September. Started by the German government after World War II, the festival's longtime role was as a bridge between Eastern and Western Europe. In the 1970s, the creation of the Forum section, a haven for third world political and artistic films, and the predominately-gay Panorama section, helped solidify the festival's groundbreaking image. But now that its political mission has been undercut by the fall of the Iron Curtain and the competition for

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The European Community as a Publisher 1992-93. *Office for Official Publications, Luxembourg, 1992, 138 pages.* Listing of free and sale publications issued by the Office. **Free**

Publications April-September 1992. *Office for Official Publications, Luxembourg, 1993, 46 pages.* List of official sale and free titles issued by the Of-

fic in the second and third quarters of 1992. **Free**

Europe in Figures, Third Edition. *Statistical Office, Luxembourg, 1992, 255 pages.* Contains eighteen chapters covering all aspects of the EC, including general statistics; economy and finance; population and social conditions; energy and industry; agriculture, forestry and fisheries; external trade and balance of payments; services and transport; and the environment. \$25.00

The New European Community Political Map: Member States, Regions, Administrative Units. *Commission, Brussels, 1993, 1 page.* This full color political map of the EC has been updated to include the former Soviet Republics that now make up the Commonwealth of Independent States, as well as a divided Yugoslavia. Measuring 79.5 x 105 cm (scale 1:4 000 000), the map features general statistics about the Member States, plus the United States and Japan.
Plastic map: \$50.00
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Citizen's Europe: Action Taken by the European Parliament to Create a European Community to Serve Its Citizens. *European Parliament, Luxembourg, 1992, 53 pages.* Points out the importance and advantages to the political and economic setting of Europe as a whole, and to its citizens in particular. \$7.00

Energy in Europe: A View to the Future. *Commission, Brussels, 1992, 176 pages.* This special report analyzes external factors which may influence future energy consumption and availability in Europe. Examines energy prospects, consumption patterns and other vital energy statistics. \$30.00

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European Economy No. 50: Annual Economic Report 1991-1992. *Commission, Brussels, 1992, 285 pages.* Contains the Annual Economic Report for the Member States, as well as topical studies on the last decade's experience with wage adjustment in the EC, the developments of the EC labor market since 1983, and main features of Community trade. \$25.00

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Danny Devito was one of many American celebrities attending the Berlin Film Festival.

innovative premieres has increased among European festivals, the once-trendsetting Berlin festival is now scrambling to redefine its identity.

For the first time, no Russian films appeared in the festival's major competition this year. Instead, two African and three East Asian films went head-to-head with the traditional European and American fare. When two Chinese films, Xie Fei's *The Women from the Scented Lake of Souls* and Ang Lee's Taiwan-funded *The Wedding Banquet* bagged the competition's coveted Golden Bear awards, the emphasis of this year's festival shifted from Eastern Europe to the Far East.

"It was definitely the year of the Far East," said Moritz de Hadeln, the festival's director. He cited growing freedom from censorship, decentralized production and more links between China, Hong Kong, and Taiwan as reasons for the Far East's strong showing.

European films, however, were also well represented in the competition and managed to garner several honors from

the 11-person International Jury, which included six Western European jurors and distinguished representatives from Poland, Russia, China, and the United States. Emir Kusturica's *Arizona Dream*, a French-funded film with American actors and a Yugoslavian director, kicked off the festival. Despite its whimsical and often difficult to follow plot, the film, starring American teen heartthrob Johnny Depp and Faye Dunaway, garnered a Silver Bear. British-born Andrew Birkin won the Best Director prize for *The Cement Garden*, a coproduction of Germany, France, and the United Kingdom. In addition to the Bears, a new prize, The Blue Angel, was awarded to Jacques Doillon's *Le Jeune Werther*, a coming-of-age film about love and loss. The \$31,000 prize from the Eastman Kodak Company was created by the European Academy of Film and Television for "a film produced or coproduced by one or more West, Central, or Eastern European countries."

The European Community's Media Program, cre-

ated in December 1990 to provide support for filmmakers from its 12 member countries, had a booth in one of the three-story market's high-traffic area. The program currently sponsors 19 projects including EFDO, which facilitates the distribution of European products, and SOURCES, which aims to improve the craft of screenwriting in Europe.

Euro Aim, an offspring of the Media Program that provided a support structure for the promotion and marketing of over 20 European film companies at the Berlinale, had its own booth, where buyers and distributors searching for programming could access its computerized databank of more than 6,500 European productions. A second databank, containing over 1,000 European independent production companies, was available to help companies find suitable partners or coproducers in other European countries. Euro Aim, with its own annual budget of 3 million ecus from the EC, sponsored a Day—and Night—of European Indepen-

dents on February 15, which began with a panel discussion, "The Strategies of Film Marketing," and concluded with a raucous romp at the Metropol, one of Berlin's largest discothèques.

—Michele Shapiro

ART

Rome Reborn

Did people in the 15th century contract the same type of ailments that we do in the 20th century? Was King Henry XIII actually a romantic, hiding behind a ruthless exterior? Yes, they did, and yes, he was, and proof of both is now on display at the Great Hall of the Library of Congress.

Rome Reborn: The Vatican Library and Renaissance Culture is an exhibit of over 200 Renaissance documents, maps, books, and drawings that the Vatican Library has temporarily loaned to the Library of Congress. The exhibit, opened in January, will run until April 30. It is the first exhibit to be shown in the newly refurbished Great Hall—which in itself is well worth a visit.

In the late 1920s and early 1930s the Library of Congress took on the gargantuan task of helping the Vatican organize and catalogue the many treasures that belong to this small state. Now, over 60 years later, the favor has been returned. Rome Reborn tells the story of the political and intellectual rebirth of the city of Rome during the Renaissance. In the 14th century, Rome, as a grand medieval city, had become a memory. By reigniting an interest in learning and art, the Vatican and its resources played a central role in Rome's reconstruction in the 15th century. The Vatican Library began collecting Greek and Latin classics, in addition to religious works, and attracted artists such as

Michaelangelo and Raphael to the city. These conscientious efforts by the Vatican to pull Rome from the ashes of the Dark Ages payed off, and the treasures from this time of reincarnation—some of which have never been publicly displayed—are now on exhibit at the Great Hall.

Divided into 10 sections, *Rome Reborn* explores a broad range of Renaissance topics from Rome's rebirth to the influence of the Orient on Rome. For a small fee an individual audio guide is available at the entrance and is worthwhile as it gives more insight into the exhibit. Highlights include intricately painted classics of Homer's *Iliad*, Herodotus' *Historiae*, and 15th century Bibles, all of which exemplify the lost art of bookmaking. Euclid's sketches and explanation of his well-known Pythagorean Theorem can be seen in *Elements*, a mathematical text dated 300 BC. Galileo's drawings of sunspots, a bonafide love letter from King Henry VIII to Anne Boleyn, and fifteenth century books on medical procedures are only a few of the Renaissance treasures on display. But after April 30, this collection will not be shown publicly again. So, anyone interested in Renaissance art, science, history, medicine, astronomy, or gossip should not miss this exhibit.

—Christie Gaskin

ALSO NOTED...

The Museum of Fine Arts Boston is hosting an exhibit of 17th century Dutch and Flemish paintings from the collection of the late Lord Harold Samuel of London. The 50 works on display include Frans Hals' *Merry Flute Player*, as well as paintings by Jan Brueghel, van Ostade, van Ruisdael, and others. This exhibit will run until May 9. For more information call the Museum's Public Relations Department at 617-536-3315.

The National Gallery of Art in Washington, DC will be the first stop on the world tour of 80 French paintings from the Barnes Foundation Collection. Impressionist, post-impressionist, and early modern paintings from European masters such as Cézanne, Matisse, Seurat, Picasso, van Gogh and others will be at the National Gallery from May 2 to August 15. From there the exhibit will continue on to the **Musée d'Orsay** in Paris, the **National Museum of Western Art** in Tokyo and the **Philadelphia Museum of Art**. Included in this exhibit are Renoir's grand-scale *The Artist's Family*, Cézanne's *Cardplayers*, and Matisse's three-part mural *The Dance*. For more information call the National Gallery of Art at 202-842-6713 or The Barnes Foundation at 215-664-9464.

The National Gallery of Art in Washington, DC will also play host to a display of over 260 British watercolors. The Great Age of British Watercolors 1750–1880 will be on view from May 9 through July 25. The exhibit features works by 83 artists, including Thomas Gainsborough, John Constable, William Blake, and others. The exhibit, which was jointly coordinated by the National Gallery of Art, Washington and the **Royal Academy of Arts, London**, is divided into six themes including the theory of landscape, man in the landscape, atmosphere, and naturalism. The only chance to see this exhibition in the US will be at the National Gallery. For more information call the National Gallery at 202-842-6353.

BOOKS

That Fine Italian Hand.
By Paul Hoffman. Henry Holt.
226 pages. \$9.95.

The headlines of international newspapers declare "Italian Prime Minister Says

Italy faces North-South Break-Up," "Italian Oil Group Chiefs Held in Corruption Sweep," and "Italian PM Urged to Rethink Corruption Decrees."

To get a background on the momentous events happening today in Italy one should read the excellent book *That Fine Italian Hand* by Paul Hoffman, who was the *New York Times* bureau chief in Rome for many years.

Hoffman has written a serious but amusing account of all aspects of Italian life with chapters ranging from pasta, pizza, and espresso to Mafia, Inc.

The book begins with a discussion of the fundamental division of the country. Hoffman contrasts the more "European" industrialized north with the more bucolic south. "Instead of becoming more closely integrated" the two regions "appear to be drifting further apart." The author assigns the term *Mezzogiorno* to describe the southern part of Italy. Although the word means "land of the midday sun" to Italians in the north, *Mezzogiorno* also conjures images of the Mafia and a clannish and feudal area. "Many northerners would today assign the national capital, Rome, to *Mezzogiorno* rather than to their 'European' portion of Italy."

The author points out in a chapter entitled "The Question of Being Serious" that often the outside world has a problem taking the Italians seriously. But, he shows that Italy has a very distinguished class of business entrepreneurs who have made their mark on the world scene. He contrasts the rugged individualism of these entrepreneurs to the sluggish nature of the public sector of the economy.

As an example of why Italians are sometimes not taken seriously, he mentions that "In the councils of the EC and at home, Italian government spokesmen and politicians al-

ways enthusiastically advocate further European integration; all the while, Italy stands in default on more Community regulations than any other member."

On a lighter note, Hoffman describes the legend behind the invention of fettucine. "Fettucine is said to have been invented by the cooks of Duke Ercole I d'Este as a culinary tribute to Lucrezia Borgia, the daughter of Pope Alexander VI, when she arrived in Ferrara in 1501 to become the wife of the Duke's son Alfonso. The golden ribbons were meant to celebrate the blond hair of the beautiful bride."

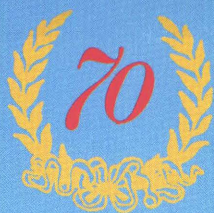
Talking about Italy being "All in the Family" the book points out that "in 1989 the Agnelli, De Benedetti, and Ferruzzi families controlled 45 percent of the shares quoted on the Milan stock exchange."

The book looks at Italian individualism, the reasons why Italy lacks a world-class symphony orchestra, and the country's passion for *la dolce vita*.

—Robert J. Guttman

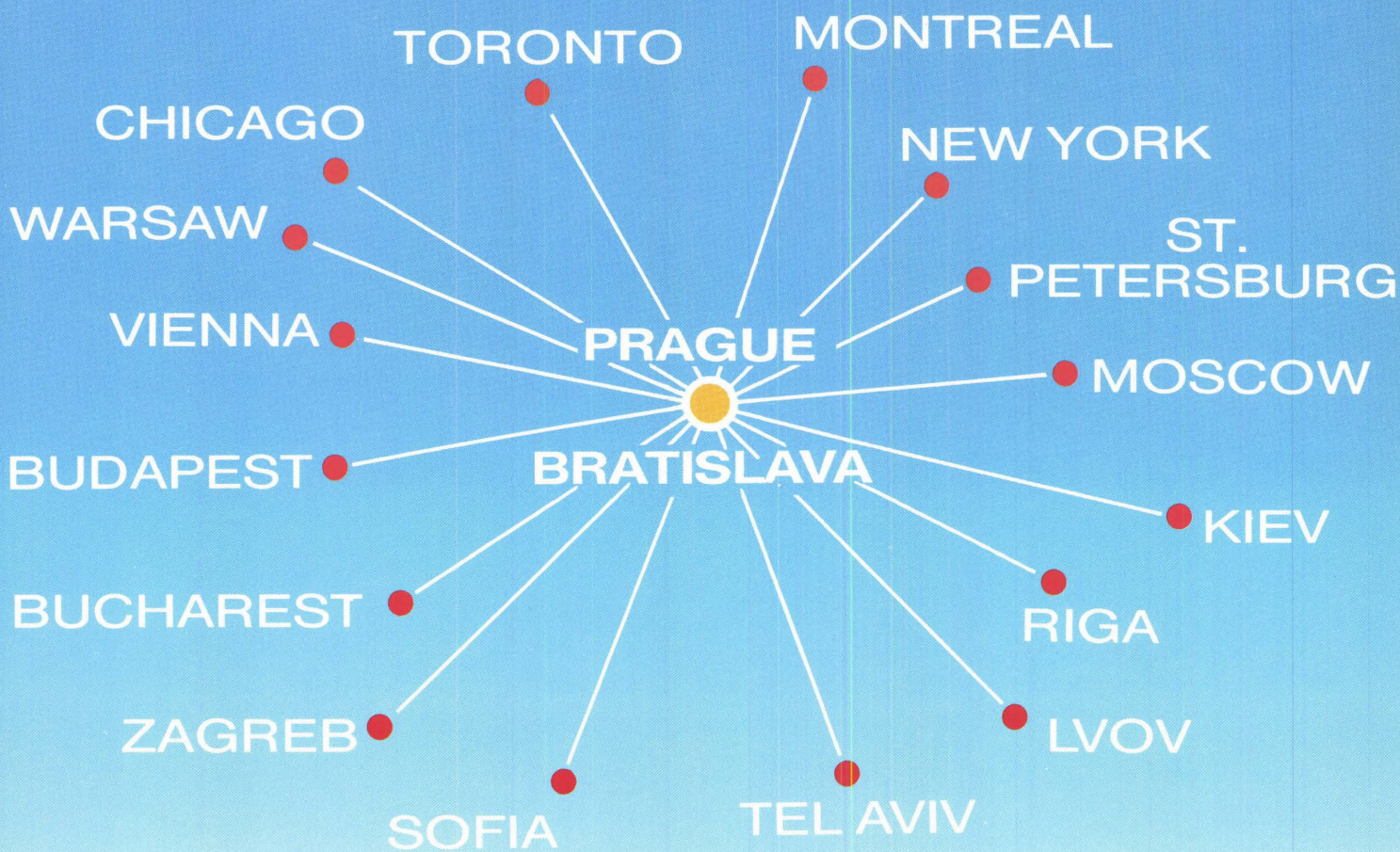
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