

# EUROPE

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## Can Art Save the World?



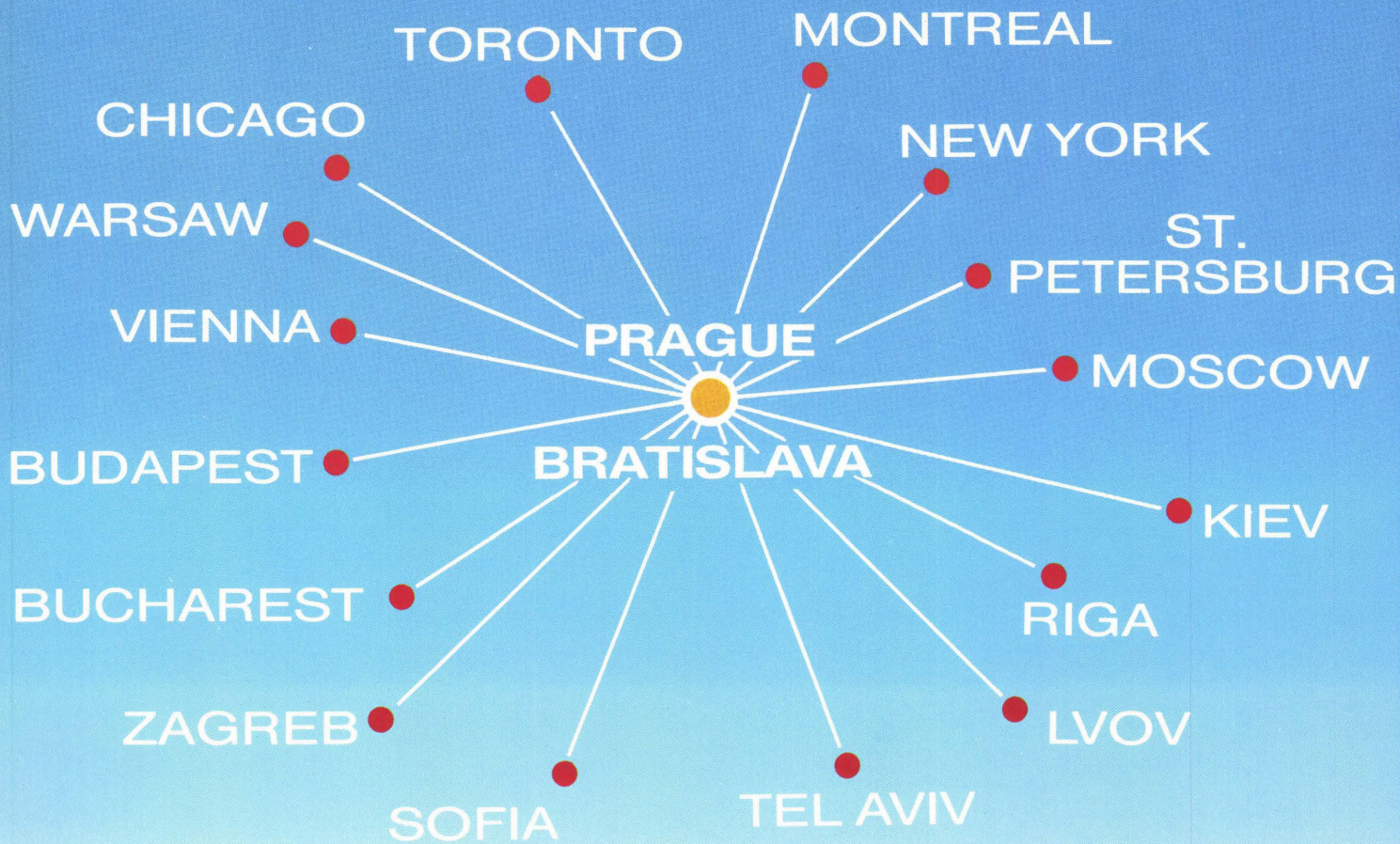
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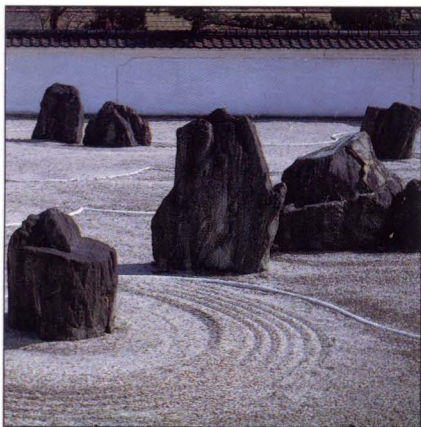
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# EUROPE

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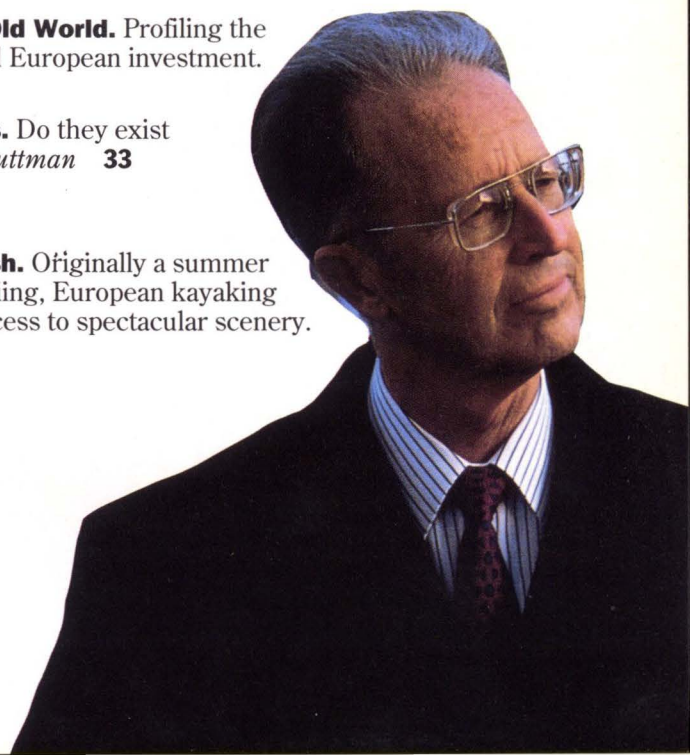
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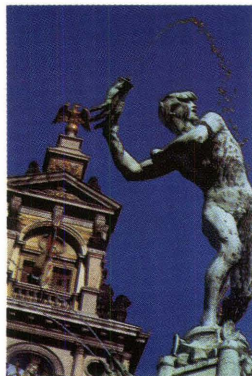
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# Letter from the Editor

**EUROPE's cover features "Brabo," the celebrated hero of Antwerp. According to much-revised legend dating back to the**



**12th century, Brabo slayed the giants who were demanding huge fees from boat captains on the river Scheldt and thereby opened the city to free trade. His imposing figure is captured for eternity throwing away the hand of one of the giants, believed to represent Antwerp's many foreign occupiers. Brabo's exploits are further immortalized in the city's name, which is said to have originated from the Dutch expression *Hand Werpen*, meaning "to throw away the hand."**

The three R's—Russia, recession, and restructuring of businesses and economies—dominate the economic news from Europe, the United States, and Japan as the world's wealthiest nations prepare for their annual summit in Tokyo next month.

The so-called G7 economic summit is in reality a G8 gathering as the EC is an active participant in the most important G7 meetings throughout the year.

Henning Christophersen, the EC commissioner for economic and financial affairs, speaks out on the major economic problems facing the industrialized nations today. Christophersen compares the new EC growth and stimulus package to the one being proposed by the Clinton administration. The commissioner presents a different perspective on European interest rates and looks at EC assistance to Russia and the other former Soviet republics.

Lionel Barber and Barry Wood profile the industrialized nations' plans for solving today's economic problems and look at the key financial leaders in Europe, the United States, and Japan. They both feel that the United States is once again taking the lead in finding solutions to the major economic problems of the day.

Hans van den Broek, the EC commissioner for external political relations, presents a candid look at the war in Bosnia and Europe's response to the conflict. Commissioner van den Broek assesses the current situation in Russia and the other former Soviet republics and discusses their difficult future.

Europe and Japan's relations are not as involved as EC-US or Japanese-US relations, but there are many areas of cooperation between the two that unfortunately are being overshadowed by Japan's trade surplus with Europe.

Bruce Barnard analyzes Japanese and EC investment and trade with one another. While many European firms are having problems in breaking through the many barriers to successfully invest in Japan, Japanese firms are investing throughout the EC.

Antwerp is Europe's Cultural Capital this year. The beautiful Belgian city is pulling out all stops to put on a good performance. *EUROPE* explores the many festivities being presented in Antwerp throughout the year.

Belgium takes over the EC presidency next month. With the successful vote on the Maastricht Treaty in Denmark last month, the Belgians will be working on the implementation of Maastricht.

Dick Leonard, writing from Brussels, shows how the Belgian government is preparing for the EC presidency. Leonard also presents an in-depth look at the King of Belgium and the history of the monarchy in the country.

Our July/August issue of *EUROPE* profiles Germany and includes interviews with the German minister of economics and the CEO of Siemens Corporation. We also present a travel guide to Berlin and take a look at Jil Sander, the popular German fashion designer.

  
Robert J. Guttman  
Editor-in-Chief

# EUROPE

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# EYE ON THE E.C.

**T**he EC has had an association agreement with Turkey for 30 years, and it is no exaggeration to say that it has been a profound disappointment to both sides. Although there were some finite initial benefits, the original concept of developing an ever closer relationship never came to fruition.

There were, undoubtedly, faults on both sides. The promise of free entry of Turkish workers into the Community, made at a time of rapid economic expansion, was promptly dropped in 1980 when most of the EC states, including Germany (the main host of the Turkish influx), were in recession. On their side, the Turks failed to reduce tariffs on imports from the EC to the extent that had been anticipated. The Turkish occupation of northern Cyprus in 1974, the military takeover in 1980, and subsequent human rights abuses, did nothing to improve the climate between Turkey and the Community.

Yet the Turks stubbornly clung to their EC link, which they saw as a symbol of their European identity and passion for modernization. They applied for full Community membership in 1987, only to see their application deferred indefinitely and to find themselves leapfrogged by later applicants such as Austria, Sweden, Finland, and Norway. Somewhat later, it was made clear that some of the former communist states of Eastern Europe—Poland, Hungary, and the former

Czechoslovakia—would also be given priority over Turkey.

The ending of the cold war added initially to the Turks' sense of rejection. From having been in the frontline of resistance to the Soviet threat, they were suddenly marginalized when this threat abruptly disappeared.

It would have been understandable in the circumstances if the Turks had sulkily turned inward upon themselves. Instead, the opposite occurred. In the Gulf War, despite the heavy cost involved in cutting off trade and closing down the oil pipelines from Iraq, Turkey vigorously supported the United Nations' cause.

Although there were reservations, both in Turkish political circles and among the predominantly Islamic population, this initiative by the late President Turgut Ozal paid off handsomely, both in terms of relations with the United States, which stepped up its economic assistance, and with the countries of Western Europe. These have sharply increased their investment in Turkey, notably in defense industries, where several large joint ventures have been launched.

Political relations with France and Germany, and with the EC itself, have become a great deal warmer, and Turkey has joined the Western European Union as an associate member.

A crucial decision was the Turkish resolve to press ahead toward a customs

union with the European Community. This had been foreshadowed in the 1963 association agreement, but it had long ago been abandoned as a practical objective. The Turks came to see it as a shot to keep in their locker, only to be brought into play during the transitional period following a successful membership negotiation.

At the end of 1991, however, the Turks suddenly changed tack, deciding that they should offer an early date for a customs union in advance of any membership negotiation. They calculated that this would send a clear message to the EC of the seriousness of their intentions and that it would give a salutary jolt to Turkish industry by exposing it to much fiercer competition.

At a meeting of the EC-Turkey association council, a timetable was agreed to advance toward a customs union by January 1, 1996. This would make Turkey the only country not in full membership to have as close an economic relationship with the Community.

Already the economic links are extensive. Turkey is now the EC's tenth largest trading partner with Turkish imports totaling more than \$9 billion and exports around \$7 billion—in each case around half of Turkey's total foreign trade.

What has excited EC traders in recent years is that Turkey has become an important bridge—the most important bridge—to opportunities further east. Through

the Black Sea Economic Cooperation Council, which Turkey has sponsored, new trading links have been established with Balkan countries such as Bulgaria, Romania, and Moldova, with the Ukraine and southern Russia, and with the Caucasian republics of Georgia, Armenia, and Azerbaijan.

Yet it is with the six former Soviet central Asian republics—five of which speak Turkish languages—that Turkey has established the most significant links. Despite its relative poverty, Turkey has extended some \$2 billion in credits and grants for infrastructure projects in the six countries. It is involved in more than 1,000 joint ventures and has awarded 10,000 scholarships for Central Asians in Turkish universities. Turkey is also actively involved in identifying projects for the EC's recently created Technical Assistance to the CIS program (TACIS).

If all these developments continue unhindered, Turkish membership in the EC may be closer than people have previously realized. For that to be achieved, however, there will need to be a settlement to the Cyprus question, the recent ceasefire between the Turks and their Kurdish rebels must be consolidated into a lasting peace, and newly elected President Süleyman Demirel must press on energetically with the democratic reforms introduced by his predecessor, Turgut Ozal. ☐

—Dick Leonard



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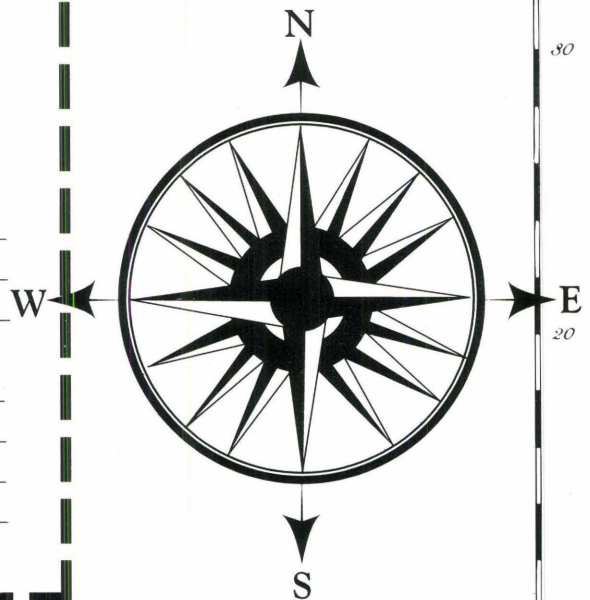
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# The R's

By Lionel Barber

**E**urope's preoccupation with its own economic problems have prompted some to look to the US and its new president as a potential savior. Whatever the doubts about Bill Clinton's power to rejuvenate the US economy, it is clear that he has changed the terms of the US domestic debate. Government is no longer viewed as the problem, and, in fact, it may be part of the solution. In the global economic debate, it is possible to detect a new trend toward economic activism.

This shift in mood comes amid a worldwide effort to restructure business and industry to prepare for the competitive challenges of the 21st century. Japanese companies are already taking the previously unthinkable steps of laying off workers and pushing managers into early retirement. Germany, the engine at the heart of Europe, is experiencing a second industrial revolution as it wrestles with the costs of unification. The US economy is recovering faster than its competitors, but no companies have been able to escape the painful streamlining needed to meet global competition. Ask IBM.

The first sign of a more aggressive approach to economic management came during Clinton's State of the Union address to Congress in early February. Despite obvious weaknesses in terms of curbing spending, it was a brilliantly improvised speech which conceded at last that critics of the US federal budget deficit in the 1980s had been right all along. The reaction in Europe and Japan was enthusiastic.

The State of the Union address contained two political truths. If Clinton intends to persuade allies to support US goals on trade or international economic policy coordination, he must lead by example. At the same time, Clinton-style activism will fall well short of Roosevelt's New Deal or Johnson's New Society because of US budgetary constraints. Clinton needs a recovery in Japan and Europe to deliver the economic growth which is his best hope of curbing the budget deficit, one

Russia

Recession

Restructuring

of the most important issues on which he will be judged in his reelection bid in 1996.

As a senior White House official remarked, "What we all realized very quickly was how you can't pursue a national strategy in isolation. Everything is interconnected."

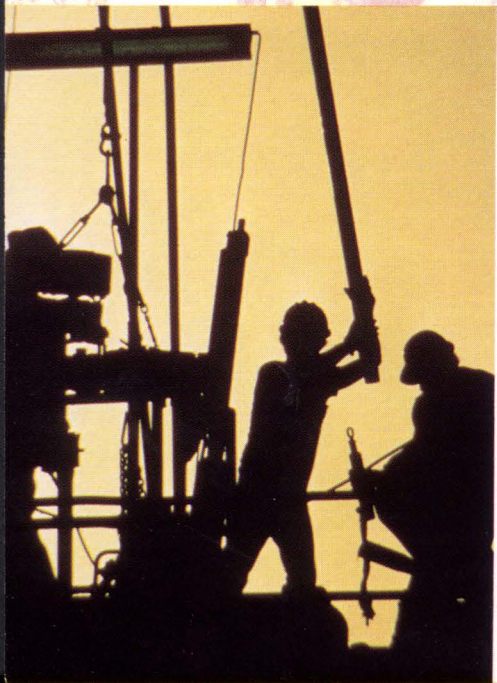
This same theme of global interdependence appeared in Clinton's foreign policy address at the Naval Academy in Annapolis, Maryland, in April. In his speech, President Clinton explained the West's stake in helping Russia as it struggles with three simultaneous revolutions: the battle to overcome the communist legacy and create a democracy; the transformation of a command economy into a market economy; and the transition from an empire to a modern nation-state which respects the integrity of the countries once under its yoke.

"Nothing could contribute more to global freedom, to security, to property than the peaceful progression of this rebirth of this Russia. It could mean a modern state, at peace not only with itself but with the world. It could mean one productively and prosperously integrated into a global economy, a source of raw materials and manufactured products and a vast market for American goods and services. It could mean a populous democracy contributing to the stability of both Europe and Asia," said Mr. Clinton.

The president's message was that however much he might be inclined to give priority to domestic politics, Russia is too big to ignore. Vital US and Western interests are at stake. First, successful Russian economic reform would offer the chance to reduce the Russian military's 20,000 strategic and nuclear warheads; second, Russia could become "a partner in global problem-solving" covering regional political conflicts or environmental problems; third, the US could exploit the diminished Russian security threat to invest in its own economic future.

American allies, notably Germany, have been pressing these arguments for at least three years. But aid to Russia remains a multi-billion dollar, long-haul gamble at





best. Germany, which has contributed as much as 60 percent of total Western aid to date, is preoccupied with its own economic difficulties. Japan views Russia as the closest thing on earth to a bottomless pit, and its leaders do not share the West's newly-won enthusiasm for Yeltsin. "We are only interested in stability," says a senior Japanese official, "and stability in Russia does not necessarily mean democracy."

There is, too, a suspicion that Clinton's enthusiasm for aid to Russia is to preempt a "Who Lost Yeltsin?" debate in the United States. Still, his aggressive leadership has persuaded allies to support a mixture of old and new measures including a \$15 billion debt relief package, \$10 billion in new long-term IMF loans, \$10 billion in new export credits, and a \$6 billion stabilization fund. Further discussions on implementation will take place at the Group of Seven (G7) industrialized nations' summit in Tokyo in July.

The G7, itself, is experiencing something of a renaissance after a period of stagnation during the Bush administration. While it is premature to suggest that the Group should be the chosen forum for international economic management, there have been encouraging signs of progress. Treasury Secretary Lloyd Bentsen has spoken favorably about the Group of Seven cooperating more closely on monetary affairs. Japan, with one eye on allied statements demanding a reduction in its trade surplus, has produced a preemptive fiscal strike ahead of the Tokyo summit: an emergency spending program valued at \$116 billion. Meanwhile, the European Commission in Brussels is pressing hard for the G7 to coordinate a new growth policy to combat recession and promote recovery.

Grim statistics explain why. Since 1990, output growth has on average hovered around one percent in the European Community. Unemployment is heading toward 11 percent; more than 17 million are out of work in Europe this year. Members of the European Free Trade Area (EFTA) such as Austria, Finland, Norway, Sweden—supposedly the rich club members of Europe—are suffering. Unemployment may rise to seven percent this year—three times the average rate in the 1980s. As a recent EFTA study concluded, "Even a normal recovery in output growth in the European countries in 1994 and thereafter is unlikely to be

enough to reduce current rates of unemployment appreciably."

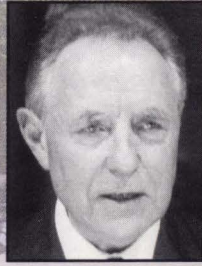
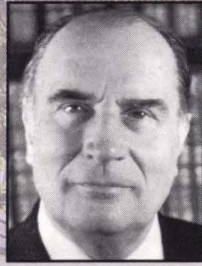
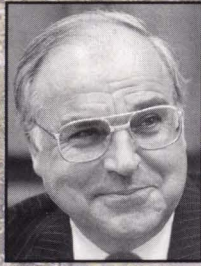
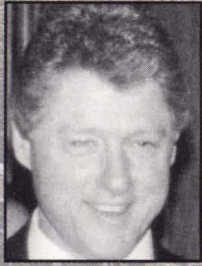
Yet EC members have little or no room for fiscal maneuvers to employ Keynesian-style reflation policies to revive their economies. The Maastricht Treaty's obligations to control budget deficits to ensure the necessary "convergence" of economic performance required for European Monetary Union are simply too tight. While some are urging flexibility, there is little appetite for such a move in Germany. The prescription seems to be to "tough it out" until the end of the present economic cycle. "There is no side entrance for monetary union," says Dr. Helmut Schlesinger, president of the Bundesbank.

Germany's own economic woes serve as a model for Europe's struggle to maintain pace with the US and Japan. Despite Chancellor Kohl's bold prediction that unification could be successfully managed without raising taxes, most far-sighted analysts and politicians in the East and West believe it could be 20 years to bring together the capitalists and the former communist half of the country. Unemployment in the East is 35 percent and rising. The psychological cost is higher. "Germany is like the US after the Civil War," says a German ambassador in Europe, "it will take a generation to heal the wounds."

Yet there are long-term benefits in the process of unification. Industrial enterprises in western Germany have discovered they have become overmanned and under-productive during the last decade of growth. In mechanical engineering alone, around 150,000 jobs are likely to be lost. Some German experts say up to 2.5 million jobs may be superfluous. The magnitude of the revolution was summed up this year when the heads of Thyssen and Krupp-Hoesch, legendary names in German industry, threatened to pull out of steel-making if they could not make their businesses profitable.

It may be a bluff, but it surely signals a different approach from the defeatist drift of the 1930s. By mid-1993, it is clear that the West will require plenty of determination and political courage if it is to meet the challenges of the three "R's"—Russia, recovering from the recession, and restructuring. ☹

*Lionel Barber is the Brussels bureau chief of the Financial Times.*



# Looking Toward

B Y B A R R Y D . W O O D

So far so good. The run-up to the Tokyo Summit has gone well. After years of drift the major industrial nations seem ready to put aside feuding and really cooperate to improve the health of the global economy. There are proposals to institutionalize the Group of Seven (or G7, but in truth eight as the EC attends all the important meetings including the annual economic summits) and stretch its mandate beyond annual heads of state summits and meetings of finance ministers. Its role could expand into trade, the environment, and most importantly security.

The Japanese say there are three broad subjects to be discussed at Tokyo. They are: how to boost growth in the world economy, aid for democracy and the free market transformation in Russia, and forging a new partnership with the developing countries of Asia, Latin America, and Africa. Summit planners caution to expect no surprises at Tokyo since key decisions on Russia and economic policy coordination were "frontloaded," announced during April and May.

# TO



**Left to right: US President Bill Clinton, German Chancellor Helmut Kohl, French President François Mitterrand, Italian Prime Minister Carlo Ciampi, Japanese Prime Minister Kiichi Miyazawa, EC Commission President Jacques Delors, British Prime Minister John Major, and Canadian Prime Minister Kim Campbell.**

**KYUO**

America has a new president, Canada a new prime minister, and Italy a caretaker government. It is transition time in Tokyo. This year's meeting may be happening in Tokyo, but this is really Bill Clinton's summit. All eyes are on the not yet 47-year-old American president, who has been on the job for only five months. Given his uneven start with Congress, the world community is watching to see if Mr. Clinton can rally his foreign partners and build a broad consensus within the G7.

Aside from his journey to Vancouver to meet Boris Yeltsin in April, Tokyo is Mr. Clinton's debut on the international stage. The Arkansas politician personifies the transition under way in the summit process. Men born during or after World War II are taking leadership, while veterans in the twilight of their careers move slowly toward the exits.

The old guard at Tokyo is François Mitterrand and Helmut Kohl. The French president, now 73 and in declining health, is attend-

**Pascal Lamy, a longtime advisor to Jacques Delors, is the EC's sherpa to the Tokyo summit.**



ing his 13th economic summit. At Tokyo he is compelled to share the limelight with newly elected Edouard Balladur, the rightist prime minister, 64.

Chancellor Kohl is still only 63, but after 11 years on the job and the triumph of unification behind him, there is talk in Germany of *endzeitstimmung*, the feeling that the Kohl era might be coming to an end. However, there appears to be nothing or no one on the political horizon to suggest that this is a correct assumption.

When the leaders stand shoulder to shoulder at the Akasaka Palace for the inevitable group photo, only two of the group will be unable to remember World War II. They are Mr. Clinton and John Major, who just reached his 50th birthday.

This year's host, Kiichi Miyazawa, like Mr. Mitterrand

is 73. Italian Prime Minister Carlo Ciampi is 72, and EC Commission President Jacques Delors, attending his ninth summit, is 67.

Below the leaders, the cast of characters is changing as well. Norman Lamont, the United Kingdom's chancellor of the exchequer since John Major's ascendancy in 1990, has been replaced by Kenneth Clarke. Theo Waigel, Germany's longtime finance minister, may be yielding his portfolio to become head of government in his home state of Bavaria.

Transition is also occurring further behind the scenes, among the influential deputies who shape not only these annual meetings but the policy options presented to the leaders. The most notable absentee is David Mulford, the rakish American, who vacated the international job at the Treasury Department to become an investment banker. He has been replaced by Lawrence Summers, who at 38 has already been chief economist at the World Bank and a full professor at Harvard. The ambitious Mr. Summers played a critical role along with former Rhodes scholar and *Time* magazine reporter Strobe Tal-

bot in crafting the Western aid package to Russia unveiled at the April meeting of the G7 foreign and finance ministers.

On the European side, Pascal Lamy, longtime adviser to Jacques Delors, is the EC's sherpa. Horst Koehler, the long-serving summit sherpa and state secretary in the German finance ministry, leaves his job after Tokyo. Mr. Koehler, 50, has been a forceful advocate of increased aid for Russia.

On the American side there has been a subtle change in summit planning. The sherpa's job has moved to the new National Economic Council, headed by former investment banker Bob Rubin. In what is called a coup for Mr. Rubin, technocrat Bob Fauver has been designated chief sherpa and shifted from the State Department to the White House.

—Barry D. Wood

# Transition Time in Tokyo

On policy coordination, there is already tangible evidence that the major countries have brought their economic policies into better balance. Where a year ago, interest rates were rising in Europe and falling in America, now rates are coming down in Europe, America, and Japan. At long last the United States is attacking its chronic budget deficit. And the Japanese are boosting government spending in an effort to lift the economy out of its worst slowdown since World War II.

Is it premature to proclaim that after a period of neglect the G7 is back on track? Probably. Even G7 enthusiasts, like former State Department official, Goldman Sachs investment banker Bob Hormats, say the true test is based on follow-through. "The Group of Seven," says Mr. Hormats, "has shown considerable leadership on quickly getting a Russian aid program together. Now they have to make sure that the aid is delivered and the (Russian) reforms implemented."

But it is on trade that the credibility of the summit leaders is on the line.

German Chancellor Helmut Kohl, visiting Washington in March, told President Clinton he couldn't imagine facing reporters in Tokyo with yet another summit declaration promising an early end to the problematic Uruguay Round of trade liberalization talks. Such promises have come from every summit since 1988.

Accordingly, the leaders hope to have the outlines of a trade deal done before Tokyo. This is a formidable challenge. The task of doing the deal falls to two individuals in particular: US Trade Representative Mickey Kantor and the new EC External Economic Affairs Commissioner Sir Leon Brittan. Both are lawyers, new to their portfolios, and possess immediate access to their bosses. Together the two have made progress on matters as disparate as market access and agriculture in regu-

lar meetings that began in April.

In May Bill Clinton said, "When I go to the (summit) in July...the United States will be a success story in the making." That, he continued, would be in contrast to past summits where foreign leaders kept "telling us to get our financial house in order." Indeed just after the inauguration, it did look like the United States was the only star performer among the G7 members. Growth exceeded four percent. For the first time in 12 years the president's party controlled the Congress, Bill Clinton was likened to John Kennedy, and his tax-increasing/deficit-reducing bud-

get plan was winning support. But then came a decline in economic growth, the defeat of his fiscal stimulus plan, a failed attempt to lead in Bosnia, and further decline in the polls. Suddenly Bill Clinton looked human. He would like a successful summit in Tokyo next month.

Back in February Mr. Clinton's Secretary of the Treasury, Lloyd Bentsen, said the new administration would try to reinvigorate the Group of Seven. The 72-year-old Texan, the elder statesman of the Clin-

ton team, has so far made good on that pledge. There have already been three meetings of G7 ministers. Contacts have been regularized and expanded. The April meeting in Washington was described by one participant as a kind of "love fest," where ministers congratulated one another on the sensible non-inflationary growth policies their governments are pursuing.

But dangers lurk. There was a strong element of arm-twisting in the latest aid package for Moscow. All is not well between Russia and Japan, where there is resentment over President Yeltsin's second postponement of an official visit to Japan. Consultant Steve Hanke, an economics professor at Johns Hopkins, detects a "disturbing trend" toward economic interventionism within the G7. Mr. Hanke worries that taxpayer money is being funneled

into Russia without normal IMF constraints and that the yen-dollar exchange rate is being manipulated by politicians.

In a time of global instability and uncertainty there are other problems within the Group of Seven club. The US-Japan trade relationship is particularly fragile at this time. The early signals from President Clinton suggesting that the yen was undervalued and hinting of retaliatory trade penalties were not well received in Tokyo. At the same time the Japanese resent the arm twisting that forced them to open their wallets to Russia without corresponding progress toward resolving their territorial dispute with Russia.

As with the best clubs, care will be taken to assure that members are not publicly embarrassed, particularly the host. President Boris Yeltsin, a kind of associate member attending his second annual meeting, will again be received either just before or after the formal sessions. He will be offered a special lunch or dinner and receive the media exposure normally reserved for the eight leaders.

Care has been taken to avoid the kind of problem that resulted from the undertakings made to President Yeltsin last year at Munich. The press trumpeted the \$24 billion aid program. In the end much of that money was not disbursed. This time summit planners expect the first installment of the new and bigger aid program to have been delivered before the Tokyo meeting. There, presumably, the focus will be on what measures Mr. Yeltsin is taking to assure that the money will not be wasted.

The economic summits began in 1975 as a deliberative forum, at which leaders methodically examined arcane economic and financial matters they seldom talked about one to another. That early focus on exchange rates gradually evolved into today's media circus, platitudes, and haggling over wording in communiqués few people read. Now, at a time of transition, there is the opportunity to recast the summit process and elevate the G7 into something more, a kind of economic security council or global steering committee. ☹

*Barry D. Wood writes about economics from Washington, DC. His article about the privatization of state-run companies in Eastern Europe, "Catching the Wave," appeared in EUROPE's November issue.*

**"The Group of Seven," says Mr. Hormats, "has shown considerable leadership on quickly getting a Russian aid program together. Now they have to make sure that the aid is delivered and the (Russian) reforms implemented."**

**Henning Christophersen, EC commissioner for economic and financial affairs, spoke with EUROPE Editor-in-Chief Robert J. Guttman in Washington about the key economic problems facing Europe, the EC growth initiative, aid to Russia, the recession, and recovery.**

# EC COMMISSIONER Henning Christophersen

**Could you explain what the growth initiative is that has been proposed by the EC to spur Europe out of its recession?**

The growth initiative is one important part of our macroeconomic strategy. The main objective is to strengthen the investment activities, which is done in two different ways. The Community, as such, has opened two new credit facilities which together will promote investments over the next 18 to 20 months, and the member states have together with [the EC Commission] identified the number of areas where they are prepared to increase their public investments that can be transferred, such as infrastructure, environmental projects, and telecommunications. But the interesting thing is that these projects will be financed by a reallocation of public resources. So we're not going to get higher public deficits, but spending in other areas will be reduced or kept under tight control. This is the main content of the plan. A conservative assessment is that it will provide between 400,000–500,000 extra jobs and 7.6 percent more growth over the two-year period than we otherwise would have had. But it is only a part of the general economic strategy.

Another important part is to pave the way for lower interest rates. This has also been done by our member states by implementing the so-called "conver-

gence programs," which means macroeconomic programs that bring fiscal policies of the member states much closer to each other. We'll see during the rest of 1993 a further lowering of interest rates. This is another part of the strategy. You can see the same philosophy in the policy of the US administration.

**Do you consider Europe's stimulus package to be similar to the recent Clinton administration economic package?**

Yes, it is very much like that.

**Is it constructed the same way?**

Yes. Our programs are parallel, and the Japanese package is very much the same.

**Europe is in a major recession, and unemployment is quite high, higher than in the US. What else is being done to help?**

On top of the fiscal stimulus and low interest rates, we are trying to see how we can get our marketplace to work better and how we can strengthen competition. We are doing that by opening our markets. The single market strategy is in itself a growth-promoting strategy. We have just decided to open the telecommunications market. We are trying to reform our labor markets in many of the member states. We need flexible

labor markets. This kind of medium sort of supply side is very, very important. And finally, we need the quick conclusion of the GATT negotiations. We are trying to accumulate a number of initiatives, fiscal stimulus, supply-side measures, monetary measures, and trade measures to stimulate the economy.

**Is privatization and restructuring going on throughout Europe?**

Yes. In some member states everything is private. For example, in my country (Denmark), it is very difficult to find a state-owned company. I don't know if there are any state-owned companies. But in a number of member states, you see a systematic privatization effort, and these efforts are included in the convergence programs, which a member state has to submit to the Community for discussion, examination, and approval. In a number of these programs you have privatization programs. That applies to Italy, which has a large-scale privatization program, as well as to Greece and Portugal. There are also privatization programs in Spain and France. These are the five most important countries as far as privatization is concerned. Of course, eastern Germany has to be privatized, but you will also see privatization in western Germany.

**You mentioned trying to get interest rates**



**down. Isn't Germany helping to continue the recession through the high rates of the Bundesbank?**

The exports of Germany have slowed down. A number of other member states have been forced to keep high interest rates as well, but we shouldn't underestimate what has happened. The German short-term rates of interest have now dropped more than 2 percent since September, and the long-term rates of interest in Germany are now on a 20-year low, or something like that, down to 6.5 percent. I believe we will see further reductions of German interest rates, but that is not sufficient. A number of our member states have to do something to their own domestic policies to get the full benefit from the lower German interest rates. A good example is France. We've seen a substantial decline in French interest rates recently because they are tightening their fiscal policy.

**If everyone agrees to Maastricht how will that help the European economies?**

The negative vote last year triggered a

great part of the uncertainty and the turbulences in Europe. Therefore when Maastricht finally is ratified, it will trigger a new confidence. It will be an encouragement to investors, and it will mean that the Community will be seen regaining its momentum. That is also very important for the confidence of the business world. We are very pleased by the recent Danish vote in favor of Maastricht.

**Is the European Monetary System alive and well today?**

Yes. It is clear it was a difficult period for the system, but it has survived as a system. Of course, two countries were forced to leave the system. They will be back eventually, because it is not a viable option for the medium-size economies to have bloated exchange rates. It creates too much uncertainty, especially for small or medium-size economies. And it is difficult with floating currencies to keep inflation rates under control.

**Would you like to see a more formalized G7?**

No, I don't think that is a very inter-

esting prospect because what does it mean to formalize G7? Does it mean to create a new international organization whose specific competencies would raise a lot of difficulties for the way the IMF is working and the way other international organizations are working?

We want to see a more effective, but not necessarily more formal G7. Maybe on the contrary, less formal.

The annual G7 meetings have become large social events, media events with several thousand participants. It would be much better for the result of the meetings to keep it as it was in the beginning, a formal meeting between a limited number of persons.

**One hears a lot about two-tier Europe — some countries going ahead and some falling behind. What do you think of that?**

Maastricht was a rejection of that idea. The Maastricht Treaty makes completely clear that the objective is a united Europe where all the member states have the same rights and the same obligations.

But as soon as you meet the conditions, you have the right to participate,

and you cannot be kicked out of it. And that was a very important result from the Maastricht discussions. Two-tiered Europe means that you have a hard-core club, which can decide to invite new members or keep them out, but that is not the Europe we're going to see. We're going to see a unified Europe where some countries will of course need some time to prepare themselves, but at the end of the day they will all participate in the same Community.

**Will the enlargement of the EC—with Austria, Sweden, and some other countries—help the European market?**

It will, because most of these countries will come into the Community with a good tradition for disciplined monetary policies. The enlargement of the Community with these countries could accelerate the move toward economic and monetary union.

**There's now an approximate \$32 billion deficit with the Japanese. Do you see anything happening to open Japanese markets to European companies?**

We are constantly pressing for a more liberal Japanese attitude, but we are also dealing here with some cultural differences. It will take time. Japan is now a very prosperous society. It gives Japan a lot of opportunities, but it means also that Japan must conduct monetary and macroeconomic policy which is in accordance with its prosperity and its international responsibilities.

**In talking about opening up markets, at least in Eastern Europe, a lot of Eastern European countries are saying that there's a new so-called cold war, that they can't get their products into Western Europe?**

That is not right. The European Community has negotiated trade agreements with most of these countries. We are moving toward full membership in the Community for some of them and

for others a complete free trade agreement. It is clear they are pushing for further openings, but we need to be sure that their products are priced on the basis of market principles. We can't have heavily-subsidized products exported without barriers into the Community. That would be a caricature of a free market and free trade. So we are trying to open all markets gradually. To be frank, they are selling approximately 80 percent of all their exports in the European Community. They have most of their trade with us now.



**"We have provided that part of Europe with 80 percent of all that has been given since 1989."**

**You've been working on the issue of aid to Russia. What's your assessment of Russia today? Is it going to make it to a market economy?**

Russia has the potential, as do other republics such as Ukraine and Belarus, to build a very viable, dynamic economy. But they must speed up their reform process because we can have a pledging session for Russia once, we can have it twice, we can have it three times, but we can't have it every year. So they must, as soon as possible, be able to earn money and attract foreign investment capital. If they can do that, we will see progress, but to do that they must introduce monetary reforms; they must have stable prices; and they must have good protection for foreign investments. They also must have the legal framework for a market economy in place as quickly as possible, and they

must have this systematic transformation. They've been working on it.... If they can do all these things rapidly, they will definitely be moving in the right direction.

**Many Americans don't realize that the EC has been a large provider of aid to Russia. Can you explain some of the aid programs?**

It's quite clear that the Community feels a very strong obligation to help Eastern and Central Europe. We have provided that part of Europe with nearly 80 percent of all that has been given since 1989. And we are also a main provider of help to Russia through our individual member states. Look at what Germany is doing—it's an enormous amount. Germany has given more than 50 percent of all that has been given to Russia. There are good reasons for that, but the future of Russia is important for everybody. It's also important for the United States, and I welcome the Clinton administration's decision to take a high profile in that respect. It is important for Japan. Of course, Japan has some problems, some disputes with Russia about

the so-called "Northern District." That dispute can only be settled with a democratic Russia.

**What is your honest assessment of the long-term? Can you teach Russians how to be capitalists when they have known 70 years of not being capitalists, where "profit" was a dirty word a couple of years ago?**

It is possible because to be capitalist means that you are allowed to use all your skills and all your knowledge to get the best possible return out of your opportunities. It is a general feature of mankind to act in a capitalistic way. So I'm not so pessimistic, and when I see what is happening in Russia, I'm surprised to see a rapid creation of small companies—hundreds of thousands of small companies have already been created in Russia. When I look at privatization of agricultural Russia, more than 100,000 private farms have been established. ☺





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**B**ELGIUM

# Can Art Save the

**From cafe-sitting in front of City Hall (top right) to strolling the promenade along the river Scheldt, Antwerp offers plenty to see and do.**



# e World?

**ANTWERP HAS CHOSEN TO**

**EMPHASIZE ART AND ITS**

**EFFECT ON SOCIETY DURING**

**ITS YEAR AS CULTURAL**

**CAPITAL.**

**By Saskia Reilly**



**T**he scaffolding is finally coming down, slowly revealing a new look for the city of Rubens and the world's largest diamond market. It has been a long preparation, but Antwerp has assumed its role as Cultural Capital of Europe 1993. Residents of Antwerp spent much of 1992 tolerating the rumbling of jackhammers, sand blasters, and earth movers; climbing through the trenches created by work on the roads and tram tracks; and walking under and around scaffolding that seemed to creep up the facades of countless buildings like some sort of industrial ivy gone crazy.

However, patience and tolerance have paid off. The city has resumed much of its former glory of the days when it was considered to be not only a cultural center of Europe but the commercial center as well. Guild houses still stand at attention, lining the perimeters of the Grote Markt, Antwerp's largest square. The great cathedral is a cleaner sight to behold, and the Meir, the city's elegant shopping street has now become a tree-lined pedestrian promenade.

In this sense, Antwerp's term as Cultural Capital of Europe has already achieved a measure of success. The city has been made more beautiful and livable for its own residents, a goal to which most cities aspire. From the look of things, however, Antwerp is not content to leave it at that. All signs indicate that Antwerp is prepared to make a lasting impression in the history books of Cultural Capitals.

The concept of the Cultural Capital originated from Melina Mercouri, former Greek Minister of Culture, and each year a different city is designated Cultural Capital of Europe by the European Council of Ministers. The event is considered to be a mark of honor and an exploration of the richness and diversity of European cultures.

Since 1985, eight cities have been named official Cultural Capitals: Athens (1985), Florence (1986), Amsterdam (1987), Berlin (1988), Paris (1989), Glasgow (1990), Dublin (1991), and Madrid (1992). Antwerp will be followed by Lisbon (1994), Luxembourg (1995), and Copenhagen (1996).

The two official objectives of the Cultural Capital that must be taken into account by the chosen city are first, to make the culture of the city or area involved more accessible to Europeans and the international public, and second, to hold up a picture of European culture as it is today.



So on the last weekend of March, Antwerp began to function in its full capacity as a Cultural Capital. Events began in the late summer and fall of 1992 with concerts, a city-wide open house, and *Stad in de Steigers* (City in Scaffolding), a weekend-long festival commemorating all of the work that had been completed and the tasks that were still to come. Museums were opened, concerts were held, and even the *stadhuis* (city hall), known for its beautiful interior and collection of old manuscripts, was open to the public for three days.

Over the past months, Antwerp has conducted an aggressive ad campaign as well. Their trademark "Can Art Save the World?" posters and flyers can be found decorating the walls and windows of most shops and restaurants. Antwerp has chosen to emphasize art and how art affects society during its Cultural Capital year. Organizers are calling it "An open invitation to think and feel." Antwerp chose to have a very uniform theme for its publicity with posters and flyers posing a variety of questions each accompanied by a different work of art. "What is beautiful? What is not?" "Must you understand

something for it to be beautiful?" "Is it possible to go out on Friday night and go to a museum on Saturday?" and others. All of the Cultural Capital posters can be found in Flemish, French, English, German, and many of them in Italian and Spanish as well. By ensuring that these posters are displayed all over the city and in fact all over the country, Antwerp '93 chose a very different strategy to ensure that people are constantly talking about these thought provoking messages. The director of Antwerp '93, Eric Antonis, says, "We want to bring to the fore projects which make people stop and think about our society. Good artists adopt a critical attitude, have doubts, and dare to ask questions about what is happening in our society."

Antwerp '93 makes time and room for the arts—time for nuance, room for criticism.

And the Antwerp '93 program con-

tent spans all facets of the arts. The programs have been organized into 10 categories: Historical Projects; Music; Performing Arts; Visual Arts; Discourse and Literature; Film, Photography, and Media Art; Architecture, Open City; Applied Arts, Fashion, and Photography; Animation; and External Programs.

Two of the highlights from the historical category include an all-encompassing exhibition of the life work of Jacob Jordaens, commemorating the 400th anniversary of his birth, and a special exhibition entitled the Rubens

opportunity to send performers to the floating theater. Each group will live and work on the Ark for one week during the summer months of 1993.

Three other series of events will also mark the celebration, though not as elements of the official program. Antwerp's world renowned diamond community will offer a variety of dazzling exhibitions and demonstrations. Also, the city zoo will celebrate its 150th anniversary, making it one of the oldest zoos in the world. Also, Eurosail '93 runs from August 14-17 and features a colorful fleet of large sailing ships and yachts that will be moored along the docks of the harbor and along the Scheldt and will be welcomed by a large folk festival.

Cultural events notwithstanding, Antwerp is and always has been a vibrant city. Bars and discos abound, as well as many first-rate restaurants. The numbers, 2,000 cafés and 650 restaurants for a population of 465,000, speak for themselves. A significant ethnic community, composed of Moroccan, Turkish, Indian, Spanish, and Jewish residents, lends a very international flavor to this harbor town.

Needless to say, the city rarely sleeps. The bars, cafés, and discotheques are for the

most part open until five or six a.m. Around the cathedral and the Grote Markt, the cafés, and bars go on and on. It is possible to go from one café to the next and never find repetition. From jazz to swing, from hard rock to classical, live music is everywhere. From cozy to modern, from private to packed, there is an atmosphere for everyone.

Antwerp has put a lot of work and creativity into this program for 1993. The level of success can only be measured in the months to come. But if Antwerp '93's organizers have anything to do with it, you most certainly will be able to go out on a Friday night and go to a museum (or a concert, or a ballet, or an opera) on Saturday afternoon and ponder the meaning of art in between. ☹

*Saskia Reilly is a freelance writer based in Antwerp.*



**As a direct result of the Cultural Capital preparations, Antwerp has been made more accessible for foreigners and more livable for its own residents.**

Cantoor, honoring Antwerp's most famous citizen, Peter Paul Rubens. The exhibit will feature drawings and studies on loan from a collection based in Copenhagen.

In the musical category there is Marakkbar, a group of young musicians, primarily from Antwerp's Moroccan community, who have been studying Moroccan and Arabic music under the instruction of native masters. In the performing arts, the old Bourla theater, which has been renovated for this year's festivities, will offer performances for the first time in years. Most unique of all, a 250-foot barge has been converted into a floating theater, the Ark. Earlier this year it was seen in various parts of the old port and along the river Scheldt, which runs through Antwerp. Fifteen cities in Europe and beyond, including Berlin, Los Angeles, Prague, and Istanbul were offered the

# W E L K O M I N A N T W E R P E N !



Antwerp will honor, Baroque painter Peter Paul Rubens.

**GETTING THERE.** Antwerp is very centrally located. It is only 45 minutes from Brussels, two hours from Amsterdam, or three and a half hours from Paris by train.

**WHERE TO STAY.** Antwerp offers lodging in all price ranges, and in the hustle and bustle of 1993, it would be wise to make reservations. Antwerp's Office of Tourism is more than willing to assist with reservations. They can be reached at Grote Markt 15, B-2000 Antwerpen, Belgium; Tel. 323-231-01-03.

**HOT SPOTS.** **Bierland.** Korte Nieuwstraat 28. Belgium—besides being the home of Rubens, the Cultural Capital of Europe, and the diamond capital of the world—is also, at least as far as its residents are concerned, the Beer Capital of the Universe. Bierland offers over 200 varieties of Belgian beer and about 250 varieties of imported beer. It is definitely the place to go to expand your beer palate.

**Spiegel Beeld.** Grote Pieter Potstraat 8. The Spiegel Beeld is a bar and grill that has combined the interior of an airplane with mirrors galore and is a crowded and fun place to be most nights of the week.

**The Pelgrom.** Pelgrimstraat 15. Straight out of the middle ages; the Pelgrom is a converted 16th century wine cellar. With long tables and benches and accompanying music, it has a wonderful drinking hall ambience.

**EXHIBITIONS & CONTINUOUS EVENTS**  
(unless otherwise noted, exhibitions

open at 10 a.m. and close at 5 p.m. Tuesday through Sunday)

The **Jacob Jordaens** exhibition opened on March 27 and will finish on June 27 at the Royal Museum of Fine Arts, at Leopold de Waelplaats 1–9. This exhibition is a unique opportunity to contemplate a collection of works from this great Antwerp painter on loan from European museums.

The **Open City Observatory** (April 2–December 19) takes visitors on guided trails through the city. Some of them are walking tours, while others are by bicycle or minibus. These trails give insight into the architecture and structure of the city. Different tours scheduled through the week include the old part of the city, the city of the 19th and 20th centuries, and the city on the river. Some of the tours even take place between midnight and eight in the morning.

The **Rubens Cantoor** (May 15–June 27) is an original exhibition of copies of Rubens designs and study materials, made by one of his students, Willem Pannels. The 80 drawings exhibited in the Rubenshuis, at Wapper 9–11, provide a clear picture of the workings of a painter's studio in the 17th century. Parallel to this exhibition and with the same ticket you can visit the 'Rubens' Graphics' in the Rockoxhois.

Two interesting historical exhibitions on Antwerp have also been programmed. From June 25 through October 10, the exhibition **Antwerp, Story of a Metropolis** examines the myth of the Antwerp metropolis during its golden era in the 16th and 17th centuries. From June 12 until August 31 at the Bouwcentrum, Jan van Rijswijcklaan 191, an 'exhibition of exhibitions' will re-create the atmosphere of the three world fairs organized by Antwerp. The exhibition is called **The Panoramic Dream. Antwerp and the World Exhibitions—1885, 1894, 1930**, and the hours are 10 a.m. to 6 p.m.

The floating theater called **the Ark** (at Kaatendijkdok) will provide a stage for young dramatists from fifteen major cities. Among the cities that will be represented this summer are Prague (June 10–13), Barcelona (June 17–20), Berlin (June 24–27), Johannesburg (July 1–4), Rotterdam (July

8–11); St. Petersburg, Los Angeles, Istanbul, and Montreal are also included.

The **European Encounters** exhibition in the Centrum 't Elzenveld, Lange Gasthuisstraat, will feature works by the most representative artists from the previous Cultural Capitals: Athens, Florence, Amsterdam, Berlin, Paris, Glasgow, Dublin, and Madrid. The dates are June 18–September 5, and the hours 10 a.m.–6 p.m. Wednesday through Sunday.

Eighty five percent of the world's production of rough diamonds passes through Antwerp, and three exhibitions are reminiscent of the city's diamond tradition. In the Provinciaal Diamantmuseum, the exhibition **Diamond Jewels from the 17th Century in Antwerp** will take place between June 11 and October 3. A second exhibition, entitled **From the Treasury** includes prestige jewels, precious stones, and art objects from museums and collections around the world. Finally, the **Art Inspired by Diamonds**, in the Zuiderperhuis from July 17 through August 31, collects works of art from various disciplines, such as sculpture, graphic art, ceramics, textiles, etc., related with the theme of diamonds.

**THEATER.** From June 12 through 19 at 8:30 p.m. (except June 14), the most frequently performed play in classic stage repertory, **Hamlet**, will be performed by Ivo van Hove and Het Zuidelijk Toneel, at Bourla. Another version of the classic Shakespearean play, the critically acclaimed **Hamlet/Machine** adapted by Heiner Müller will be staged by the Deutsches Theater Berlin at the Staatsschouwburg at 5 p.m. on June 23, 25, and 26.

Between August 4 and 29 at 3 p.m., the French Theater Company Royal de Luxe will perform **Le Cargo** at Kattendijldok 15, where the company houses the archetype of a street and invites the spectator to experience life in the street.

From September 4 through 12, a special edition of the **Antwerp Theater Festival** will take place at the deSingel, Desguinlei 25.

**MUSIC AND OPERA.** On June 25 and 26 the **Gamelan Court Orchestra from**

**Solo** (Indonesia) will perform at night at the Ethnographisch Museum.

Between July 17 and 20, **Antverpi-ano**, a congress and festival on historic keyboard instruments, will include concerts by Willem Janssen, Laurent Stewart, Jonnas Sonneleitner, and Yoshiko Kojima, among others in the Elzenveld, Sint Augustinus and other locations.

At the Maritiem Openluchtmuseum Linkeroever, the **Opéra Equestre**, a surprising opera with horses, elements of circus, and traditional music will play from July 20 until August 1. Giuseppe Verdi's **Attila**, on May 11 at the Elisabethzaal, and Giacomo Puccini's **Manon Lescaut** on June 11, 13, 17, 19, 24, 27 and July 2 at De Vlaamse Opera, will please more traditional audiences.

In the fall, some of the best concerts include the **NHK Japan Broadcasting Company Symphony Orchestra** on October 1, at the deSingel, the **Amsterdams Concertgebouworkest** at Elisabethzaal on November 12, and the **Saint Louis Orchestra** also at deSingel, on November 17.

**OTHER EVENTS.** On June 3–5 for **Japan Fest: East in the West**, Japan will be putting on a series of events, including the Nebuta-lantern parade in which musicians and dancers with lanterns accompany mythical beasts, dragons dances, music, and fireworks.

The **Open Air Cinema** in the Stadswaag, from August 6–11 after sunset, will stage a bizarre cinema project with the Center for Visual Arts. And during the same week the 1993 Cutty Sark Tall Ships race or **Eurosal '93** will come to Antwerp, where the ships can be admired August 14–17.

For further information in the United States, please contact the Belgian Tourist Office at 745 Fifth Ave, New York, NY 10151, telephone (212) 758-8130 or fax (212) 355-7675. In Belgium, contact INFO 93 at Grote Markt 29, B-2000 Antwerpen, Tel. 32 3 226-9300. ☺

—compiled by Saskia Reilly and David Samsó-Aparici

# PREPARING FOR THE PRESIDENCY

**Skepticism about the realization of Economic and Monetary Union within the timetable envisaged by the Maastricht Treaty may be felt in some countries in Europe. Yet one country which is taking the Maastricht timetable very seriously is Belgium, whose government almost collapsed in March because of its determination to ensure that it would be ready to enter European Monetary Union (EMU) at the earliest possible date, January 1, 1997.**

**B Y D I C K L E O N A R D**

The Belgian problem relates to its budget deficit, which is still double the EC average of approximately three percent of GDP. Belgium needs to get it down to this level if it is to meet the EMU criteria.

For several years, past total public expenditure in Belgium has in fact been comfortably less than its tax revenues. Its operating surplus, however, has been swamped by an enormous burden of interest payments, dating from the profligate years of the early 1980s. The accumulated debt amounts to 130 per-

cent of the GDP, compared to an EC average of 62 percent.

In order to repay this debt, Belgium has undergone a long series of harsh budgets, and it seems to be on target to remedy the problem by 1996. In the past year, however, the recession has taken its toll. Tax revenues have fallen sharply, while expenditures have risen to meet the increasing amounts paid out in unemployment benefits.

In a brave attempt to keep to its financial target, the left-center coalition government led by Prime Minister Jean-Luc Dehaene decided in March to bring in a supplementary budget designed to reduce this year's deficit by the large sum of \$3.2 billion. To achieve this, Dehaene and his budget minister, Mieke Offeciers, proposed three main measures. The first was a stiff increase of two percent in direct taxation, levied both on companies and on personal incomes. The second was an acceleration of the privatization program, (mainly of publicly-owned banks), and the third foresaw the suspension for two years of the automatic indexation of salaries.

The first two measures were accepted without much argument by all four coalition parties, but the third was angrily rejected by the French-speaking Socialist Party, under pressure from its associated trade unions. (The Flemish Socialist Party accepted the proposal as did the two Christian Parties represented in the government.) After a week of total deadlock in inter-governmental discussions, Dehaene submitted the government's resignation to King Baudouin.

Baudouin neither accepted nor declined the resignation, but "deliberated" on it for a week. He was clearly

reluctant to see the government fall, as there was no obvious alternative government available within the present parliamentary representation. A right-center government, in which the two Christian Parties would be joined with the two Liberal Parties currently in opposition, was effectively ruled out because it could not command a parliamentary majority. (editor's note: Each of the three main political groups—the Socialists, Christian Democrats, and Liberals—are represented by two parties—one for each language group.)

It was evident that if the Dehaene government fell there would inevitably be a general election, only 18 months after the previous poll. The king and most politicians were anxious to avoid this—for two main reasons. The first being that the painfully constructed revision of the Belgian constitution, designed to change the country into a federal state, would fall by the wayside since it had not completed its parliamentary passage. The second reason was that Belgium takes over the presidency of the Council of Ministers of the European Community on July 1, and it would have been ill-prepared to do so without a government securely in place.

There was a third and possibly even more pressing reason why the government parties wanted to avoid an election. The parties are all highly unpopular and feared heavy losses to their more right-wing Liberal opponents. It was this factor which was probably decisive in forcing a belated agreement a week after Dehaene's resignation offer.

The French-speaking Socialists got their way over the inviolability of the index, and the price the other parties



had to pay was an even greater hike in direct taxes, which go up by three percent. This moves Belgium closer to the traditional highly taxed Scandinavian countries, and it means that taxation will be significantly higher than in the neighboring countries of France, the UK, Luxembourg, and Germany, possibly damaging its competitiveness in the process.

Yet the agreement meant that Baudouin was able immediately to reject the resignation offer, and that key Belgian ministers will now be able to focus on the EC presidency. The agenda they are planning is focused on the implementation of the Maastricht Treaty. This would have come into force this past January 1, if all 12 member states

had succeeded in ratifying the treaty on time. Now the Belgians are working on the assumption that August 1—or another date not much later—will be the starting day.

They will want to put the institutional changes foreseen by the treaty—particularly those required for the EMU and for closer foreign policy coordination—into effect as quickly as possible.

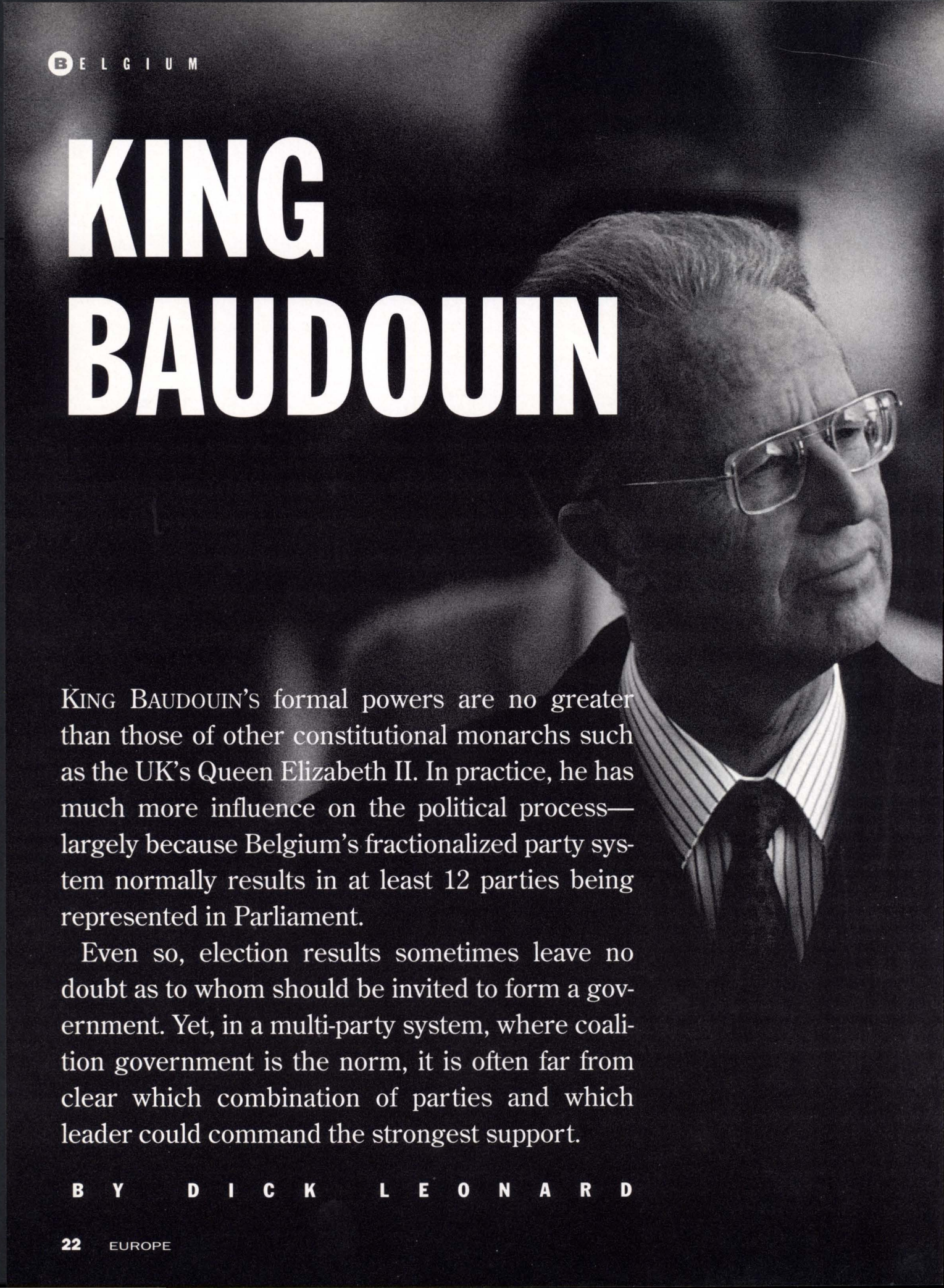
The other Belgian priority will be pushing forward on the membership negotiations with Austria, Sweden, Finland, and Norway. These have already made a good start, but they will need to be carried through almost to completion by the end of this year if the target date for admission, January 1, 1995, is to be met.

**Prime Minister Jean-Luc Dehaene has proposed stiff measures to reduce Belgium's budget deficit.**

All in all, it is likely to be a testing six months for Prime Minister Jean-Luc Dehaene and Foreign Minister Willy Claes, both of whom are newcomers on the European scene. They are lucky, however, to have the backing of the vastly experienced Philippe de Schouteste, the Belgian permanent representative to the European Community. Few would doubt that his is a safe pair of hands. ☺

*Dick Leonard is the EC correspondent for The Observer, of London and EUROPE's Brussels correspondent.*

# KING BAUDOUIN



KING BAUDOUIN'S formal powers are no greater than those of other constitutional monarchs such as the UK's Queen Elizabeth II. In practice, he has much more influence on the political process—largely because Belgium's fractionalized party system normally results in at least 12 parties being represented in Parliament.

Even so, election results sometimes leave no doubt as to whom should be invited to form a government. Yet, in a multi-party system, where coalition government is the norm, it is often far from clear which combination of parties and which leader could command the strongest support.

B Y D I C K L E O N A R D



Baudouin acts with great discretion in such situations, but it is evident that his personal preferences have played some part in determining, at least on occasion, who has become prime minister and what type of government is formed. Close observers are convinced that he prefers left-center rather than right-center governments, and that Wilfried Martens—who led nine different governments between 1979 and 1992—was a personal favorite.

Now aged 62 and the world's third longest-serving monarch after Thailand's King Bhumibol and Monaco's Prince Rainier, Baudouin has not had an easy life. His mother, Queen Astrid, was killed in a car crash just before his fifth birthday in an accident. Five years later King Leopold III surrendered to the invading German army, without consulting his ministers, most of whom fled to the UK to continue the struggle. His subsequent ill-advised meeting with Hitler at Berchtesgaden, and his second marriage to his children's governess, Lilian Baels, contributed to the unpopularity which led to his rejection in a post-war referendum on whether he should be restored to the throne. He actually led in the popular vote, but the margin

was insufficient for him to have any serious prospect of uniting the country.


Leopold's subsequent abdication led to the shy, ill-prepared, 20-year-old Baudouin assuming the throne of his father, whom he idolized and was convinced had been unjustly treated by his countrymen. After a shaky start, he set about healing the divisions of a deeply unhappy country. An earnest and conscientious man, with what the *Financial Times* once described as "all the charisma of a bank manager," he has carried out his duties in an exemplary fashion.

On only one occasion has he been the subject of public controversy. A devout Catholic, deeply disappointed that his own marriage to his Spanish wife, Fabiola, had produced no children, he felt unable to sign a bill passed in 1990 by both Houses of the Belgian Parliament permitting abortion. He was prepared to give up his throne, but—thanks to the ingenuity of the then prime minister, Wilfried Martens—a formula was devised by which he abdicated for 36 hours, during which time the cabinet promulgated the bill.

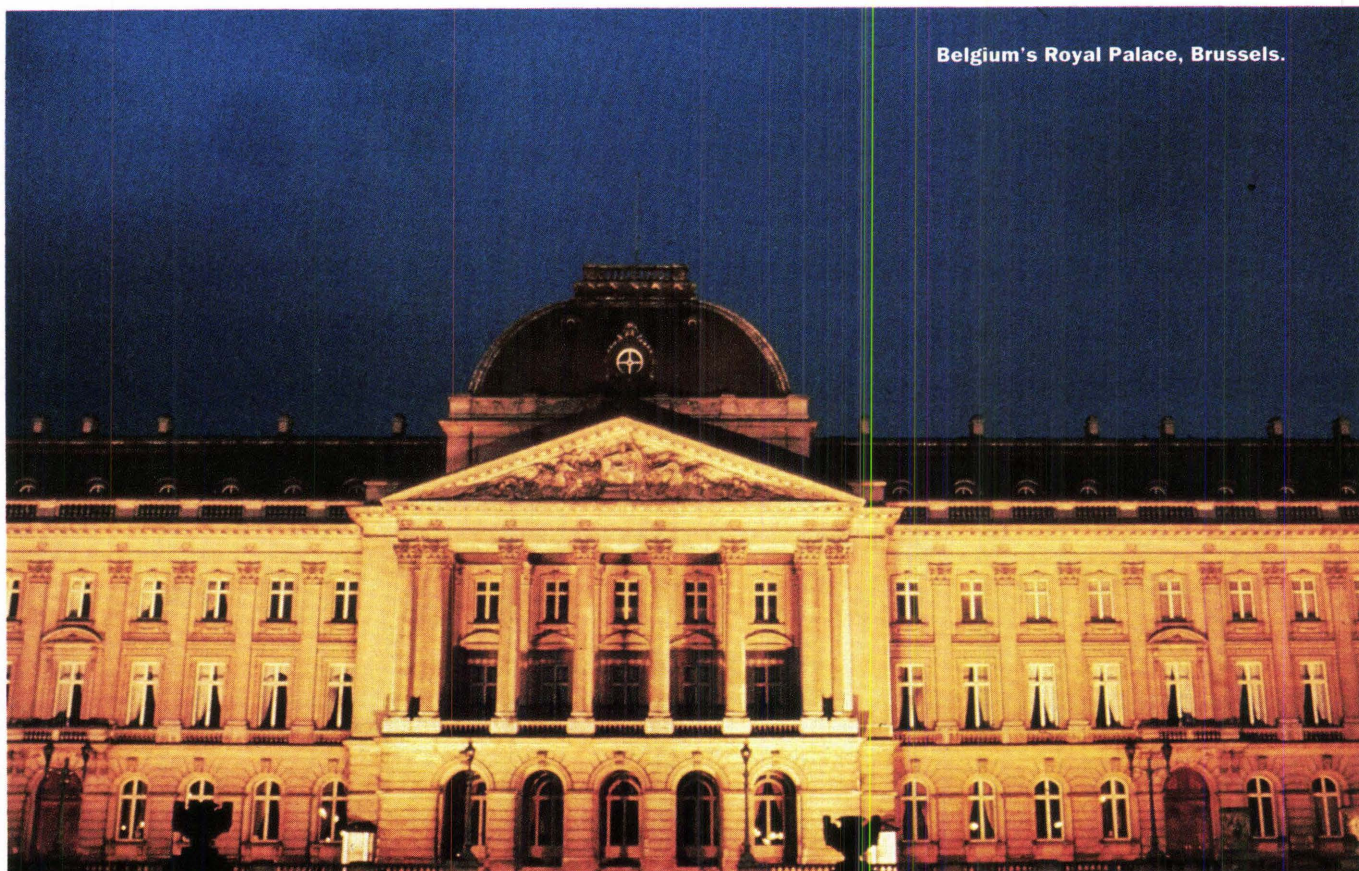
He was much criticized at the time, and it was expected that the current con-

stitutional revision would include a drastic pruning of his powers. They have been reduced, but only to a small extent.

Over the years, Baudouin does seem to have won the respect, if not the love, of the majority of his countrymen, who see him as a unifying factor in a country all too easily split by linguistic rivalries. He speaks both Belgium's languages well, though he is clearly more at home with French. If the monarchy were to be abolished, the head of state would either have to be a Dutch-speaking Fleming or a French-speaking Walloon, neither of whom would be acceptable to a large number of Belgians. It was probably for this reason that former Socialist Prime Minister Archille Van Acker once said Belgium needed the monarch "like it needs bread"

As it changes to a federal structure, under which most of the government's powers are devolved to the regions, Belgium's need for a national figurehead is likely to increase. So long as Baudouin reigns, the monarchy is unlikely to be seriously questioned. Whether his likely successor, his 32-year-old nephew Philippe, will continue to command the nation's loyalty is much less certain. 


—Dick Leonard



Belgium's Royal Palace, Brussels.

# Supranational and Sovereign Financing 1993

This announcement appears as a matter of record only.  
New Issue June 1993



**International Finance Corporation**  
Washington D.C.

¥40,000,000,000

4.375 PER CENT. NOTES DUE 1998

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Nikko Europe Plc

This announcement appears as a matter of record only.  
New Issue February 1993



**European Investment Bank**

YEN DEBT  
ISSUANCE PROGRAMME


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4.625 PER CENT. NOTES DUE 2003

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Nikko Europe Plc  
Programme adviser  
Nikko Europe Plc

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**International Bank for Reconstruction and Development**


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4.5 PER CENT. JAPANESE YEN  
GLOBAL BONDS OF 1993,  
DUE MARCH 20, 2003

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IBJ International plc  
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Nikko Securities

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7.75 PER CENT. NOTES DUE 1998

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**Bank of Greece**

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The Nikko Securities Co., Ltd.

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# Inside

# EUROPE

JUNE 1993

VOLUME 2/NUMBER 5

## EC NEWS

### Sutherland Named Head of the GATT

Peter Sutherland, chairman of the Allied Irish Banks, was named director-general of the General Agreement on Trade and Tariffs this month in what is only the fourth change of power since the GATT was created in 1948.

GATT's 111 members chose Sutherland to replace Arthur Dunkel, a 60-year-old Swiss, who is retiring after 13 years as director-general.

The Irish native and former EC competitiveness commissioner has been recognized as one of the framers of the single market movement and as an astute negotiator. After initial hesitation, Sutherland agreed to submit his name for the post at a time of intense international pressure. Member countries are pushing for a conclusion to the Uruguay Round of talks, which began in September 1986.

Mr. Dunkel recently expressed optimism that an agreement to the Uruguay Round would be reached by the end of the year. "I think there has never been a better time to conclude an agreement, and we should have one by December 15." He went on to say that "After the inevitable period of adjustment with the change in government in the United States, it is encouraging to see the willingness of the EC and the US to arrive at results quickly."

### González Wins in Spain

Spanish President Felipe González edged out Jose Maria Aznar in the most-heated general election in the country's 16-year democratic history.

A near-record 77 percent of the registered voters turned out to reelect González's Socialist Workers Party to a fourth term with 38.6 percent of the vote despite growing frustration with unemployment and financial scandals. Pre-election opinion polls had pegged the race as even.

Aznar had campaigned to lower Spain's 22 percent

unemployment and reduce the deficit. He claimed that a vote for González would mean a continuation of the policies that brought on these problems. But González, after claiming victory in the election, discounted Aznar's attacks. "I have understood the message of the people. They want change and more change," he said.

González's party will hold 159 of the parliamentary seats while Aznar's center-right Popular Party, with 34.8 percent, will hold 141 seats.

The narrow victory margin leaves the Socialists 17 seats short of the absolute majority in parliament's 350-seat lower house. They are expected to lobby for the support of minority parties, such as the Basque Nationalist Party and the Catalanian Convergencia y Unio, before the parliament convenes June 29.

### British Telecom Buys into MCI

British Telecom has announced that it will purchase 20 percent of MCI for \$4.3 billion. As part of the deal, BT will have three directors on MCI's board, and MCI Chairman Bert Roberts will gain a seat on BT's board.

The two companies have also agreed to set up a \$1 billion joint venture to market international voice and data services. BT will own 75 percent of the new venture, which will join with BT's US-based global sourcing operation Syncordia.

The announcement came only a week after AT&T made public its Worldsource venture, which is expected to compete with the BT-MCI venture to serve the rapidly growing demands of the global marketplace.

The British government still holds a \$7.7 billion stake in British Telecom. It hopes to complete the sale of its shares by July, with more than half the shares being offered to the general public.

### France Primes for Privatization

Some of France's most high-profile public companies

may soon end up in the hands of the highest bidder as the new conservative government carries out plans for privatization.

Renault, Air France, and the Banque Nationale de Paris are among 21 companies slated for privatization beginning in September, according to plans Economic Minister Edmond Alphandery announced last month. Although foreign investment in French privatized companies formerly was limited to 20 percent, the government imposed no such limit on the companies included in the sale.

The French government hopes the sales will bring in profits of at least \$7.3 billion once the measure has passed the parliament.

### **Balladur Visits Clinton**

French Prime Minister Edouard Balladur met recently with President Bill Clinton at the White House to discuss the GATT world trade negotiations. The prime minister has said that there are important aspects to the GATT other than just agriculture, such as industrial goods, services, and intellectual property. The two leaders also discussed peacekeeping operations in the former Yugoslavia.

### **Major Hires New Finance Minister**

British Prime Minister John Major chose Kenneth Clarke as the new chancellor of the exchequer. Clarke replaced Norman Lamont amid complaints that Lamont's skepticism toward the single market was hampering Major's efforts to urge parliamentary approval of the Maastricht Treaty.

Clarke, a liberal member of the Conservative Party, served formerly as home secretary. During the first weeks in his new position, Clarke pledged to reduce inflation and control spending in order to address the UK's budget deficit.

Lamont turned down an offer to head the environmental ministry after Major relieved him of his post as finance minister. Lamont had been Major's campaign manager during the 1990 election that unseated Margaret Thatcher.

### **Uffizi Needs Millions for Repairs**

Florence's Uffizi Gallery is preparing to reopen this month after a carbomb exploded May 27, killing five people and severely damaging the 400-year-old museum as well as several works in the collection.

Three minor paintings were destroyed in the blast, and several more valuable pieces were damaged. The cost of restoring works such as Peter Paul Rubens' *Henry IV at the Battle of Ivry* and Giotto's *Madonna alla Costa* has been estimated at \$1.4 million. Repairing structural damage to the building may exceed \$21 million, according to Italy's cultural heritage ministry.

The EC and several Florentine businesses have pledged to help finance the project. Firms such as Gucci, Ferragamo, and Giorgio Armani have agreed to donate two percent of their June profits to the repairs. The EC has pledged \$122,000 to the project as well as \$244,000 to the families of those injured and killed.

Investigators have no suspects or motive in the bombing, but they believe the incident may be linked to a similar explosion in Rome earlier.

### **France Accepts Oilseeds Agreement**

France ended several months of opposition to the oilseeds pact between the US and the EC, clearing the way for EC foreign ministers to approve the plan.

France had protested the limits on land used for the production of oilseeds, which are used to make animal feed and cooking oils. But France had won recent concessions in the form of higher subsidies given to EC farmers who set aside land from production.

Prime Minister Edouard Balladur said, however, that France is not satisfied with other provisions in the farm agreement.

The oilseeds pact, although not included in the GATT negotiations, may improve chances of an international accord on the current round, according to outgoing GATT chief Arthur Dunkel.

"It's exactly what we need to conclude the Uruguay Round," he said.

### **Commission Clears UK Aid to Digital**

British aid given to the US computer company, Digital Equipment Corp., in connection with the company's move to Ayr, Scotland, was in keeping with EC law, according to the Commission's recent findings.

The Irish government had asked the Commission to investigate the legality of the aid when Digital announced plans to move its operations from Galway to Ayr.

### **Software Safer in Europe**

Losses to software piracy in Europe fell from \$5.3 billion in 1991 to \$4.6 billion last year. According to Business Software Alliance (BSA), an industry watchdog organization, the software industry added \$700 million in revenue to the software publishing and distribution industries, along with 8,000 new jobs as a result of decreased losses from illegally copied software.

BSA contributed the success to several factors, including the completion of the EC Software Directive, which has strengthened copyright laws throughout member states, marketing campaigns by local software associations, and an increased pace of legal actions to enforce copyright laws.

Brad Smith, BSA European legal counsel, stated at a news conference, "Last year, BSA filed more than 100 legal actions in ten countries in Europe, and coupled to strong information campaigns, we believe the market is finally getting the message that it does not pay to engage in illegal copying."

### **Commission Pushes Ozone Protection**

The European Commission has proposed capping the use of methyl bromide by 1995 and banning hydrochlorofluoro-

carbon (HCFC) gases by the year 2014 in European Community member states. Methyl bromide, used mainly by farmers as a pesticide, is considered one of the most powerful ozone-destroying chemical compounds.

The Commission said that the proposal would significantly cut HCFC consumption by 2000 and put the EC ahead of the international phase-out deadline set for 2030.

### EC Condemns Killing of Pakistanis in Somalia

The European Community released a statement condemning what it called the premeditated killing of 23 Pakistani UN peacekeepers shot by Somali gunmen and urged all Somali parties and factions to respect a ceasefire and allow the UN to fulfill its humanitarian tasks.

The Community reiterated its support for the United Nations in its efforts to bring peace and stability to Somalia.

### EEIG to Promote Regional Development

In Brussels, regional development firms from Spain, France, Italy, and Belgium have created the European Economic Interest Grouping (EEIG). Its aim is to define joint international cooperation action, to give its support to member firms with the Community institutions, and to promote exchange of information between its members. In all, 34 regional development firms of the European Community will belong to the EEIG—14 Italian firms, eight French, ten Spanish, one Belgian, and one Portuguese.

## BUSINESS BRIEFS

**Peugeot**, the French car maker, wants to team up with a US automaker to make a new car aimed at a "niche market."

Peugeot Chairman Jacques Calvet won't identify which of the US "Big Three"—**GM**, **Ford**, or **Chrysler**—he's talking with but he said the venture is well advanced and a final decision is likely in September.

\*\*\*

Investment in eastern Germany will reach \$83 billion this year, topping the \$67.8 billion invested in 1992, according to **IFO**, the Institute for Economic Research.

West German companies are cutting spending because of a weak economy, but are still expected to pump \$30.8 billion into the east in 1993.

IFO expects investment in the east to top \$92.5 billion in 1994.

\*\*\*

**Philips**, the Dutch electronics giant, is selling its 35 percent stake in a semi-conductor joint venture to its Japanese part-

ner, **Matsushita**, for \$1.66 billion.

But the companies are joining forces to sell portable compact disc players in head to head competition with **Sony Corp.**

Sony has the edge in a potentially bitter global sales war because it started selling its MiniDisc player last November.

\*\*\*

**Hafnia Holding**, which once ran Denmark's second largest insurance group, filed for bankruptcy with debts of over \$1 billion, making it the country's biggest financial collapse.

Hafnia stopped paying its creditors last August after its capital base was wiped out by a fall in the value of its shareholdings in a rival Danish insurer, **Baltica**, and **Skandia**, the Swedish insurer group.

### WHAT THEY SAID....

**"If we don't hang together, we'll certainly hang separately."**

—*David Mellor, a member of the British Conservative Party and former minister, on divisions in the party.*

**"I have some bad news for some people. I'm fit, I'm well, I'm here, and I'm staying."**

—*British Prime Minister John Major, reacting to reports that some members of the Conservative Party want him to step down.*

**"Theory has so little to do with...coping with dangerous situations."**

—*Raffaele Costa, Italy's transport minister, on why he failed the country's new written driver's test.*

**"To be abandoned by a human and saved by a dog seems to sum up modern society."**

—*June Griffiths, a Bournemouth, England, woman, whose nephew was bit by a car and rescued after his dog led authorities to him.*

**"At a time when economic crisis is hitting Europe, we have to find a**

**way out together. We can't find a way out with less Europe, but with more Europe."**

—*Belgian Prime Minister Jean-Luc Debaene, on his plans to broaden support for the Maastricht Treaty when Belgium takes over the EC presidency in July.*

**"How long can we permit this tragedy to continue? Do we not understand that the appeasement of a regime which despises our values**

**and principles is corroding those very principles themselves?"**

—*EC Commissioner Hans van den Broek, on the fighting in the former Yugoslavia.*

**"It often seems that there is a great deal of focus, understandably, on some of the trade disputes that divide us, rather than the bonds which unite us. It's useful to recall that our common ground is far, far wider than the areas of disagreement."**

—*President Bill Clinton, on EC-US relations.*

\*\*\*

The French government is to give the **Bank of France** more leeway to set policy but stopped short of granting full independence.

Finance Minister Edmon Alphandery said the government will continue with the responsibility of establishing the parity of the franc against other currencies while the bank will retain responsibility for managing all gold and currency reserves.

\*\*\*

**BSN**, the French food giant, strengthened its presence in North America by buying **Aliments Delisle**, a privately-

## BUSINESS BRIEFS (CONTINUED)

held Canadian dairy products group.

The takeover, for an undisclosed sum, gives BSN annual sales of \$57 million in Canada and the biggest share of Canada's yogurt market.

BSN is already involved in the North American yogurt market with the **Dannon** brand in the US and **Danone** in Mexico.

\*\*\*

Italian tire maker **Pirelli**, reeling from its abortive bid for German rival **Continental**, completed its asset disposal program with the \$150 million sale of its power transmission unit to **Mark IV Industries** of the United States. Pirelli said disposals in seven business units have raised over \$670 million.

\*\*\*

**British Airways** retained its title as the world's most profitable international airline, reporting pre-tax earnings of \$283 million for 1992.

Earnings were down 57 percent from 1991, but the profit marked a major achievement in a year when European airlines collectively lost an estimated \$1.3 billion.

BA is raising \$670 million through a share issue to reduce a debt burden swollen by an \$871 million investment in minority stakes in **USAir**, **Qantas Airways** of Australia, and France's **TAT European Airlines**.

\*\*\*

**Honda**, the Japanese car maker, which has just opened a \$600 million plant in the UK, plans to increase its European sales in the next three years to 270,000 cars in 1995 from 180,000 in 1992.

Honda also plans to establish a 200-strong dealer network in Eastern Europe to handle expected sales of 20,000 cars by the mid-1990s.

\*\*\*

Germany's **Dresdner Bank** and France's **Banque Nationale de Paris (BNP)** won approval from their shareholders to exchange up to ten percent of their shares, paving the way for the creation of the first pan-European banking force.

With a combined balance sheet of \$500 billion, the banks will be able to maximize the potential of the single Eu-

ropean market as well as to compete with giant Japanese banks in the global financial markets.

BNP, nationalized in 1981, is on the French government's list of companies to be sold to private investors.

\*\*\*

Four European airlines, **KLM**, **Swissair**, **SAS**, and **Austrian Airlines**, agreed in principle to form a joint operating company in 1994, in the first step toward a full-scale merger later in the decade.

KLM, Swissair, and SAS will probably each hold 30 percent in the new company and Austrian Airlines ten percent.

Combined, the four will create a major rival to Europe's big three—**British Airways**, **Air France**, and **Lufthansa**—with yearly sales of more than \$13 billion, a fleet of 270 planes, and a 20 percent share of the European market.

Individually, the four carriers are too small to survive when European air liberalization takes full effect in 1997. Together they will form Europe's second largest carrier after British Airways and the seventh biggest in the world.

Analysts caution, however, that political, regulatory, and labor problems may yet ground their plans.

\*\*\*

**The European Commission** has, in accordance with merger regulations, received notification of German bank **Westdeutsche Landesbank's** proposed acquisition of a controlling interest in travel service and tour operator **Thomas Cook**. The Commission is expected within one month to indicate whether it approves the deal or plans to carry out further inquiry.

\*\*\*

In 1992, **Simest**, an Italian firm with joint public and private capital, participated in the creation of 45 joint ventures abroad. Most were founded in Central and Eastern Europe. Others were set up in countries of growing interest to Italian businesses, like Turkey, China, and India. Simest contributed \$44.4 million, out of a total capital of \$459 million, allowing for investments of \$807.5 million. This trend has continued this year, with 65 joint ventures so far for 1993.

\*\*\*

**Smithkline Beecham**, the Anglo-American group, has announced the sale of its bath and body beauty products to the American group **Sara Lee** for \$211 million. The acquisition includes production sites in Germany, France, Italy, and Denmark. In 1992, these brands achieved a sales figure of \$164 million. With another transaction, Smithkline Beecham sells its hair health care division to the German group **Wella**. These brands represent a turnover of \$46 million.

As a result of the sale, Smithkline Beecham retains interests in only Latin America and Spain in the toiletry products area. The group stresses that it plans to concentrate its resources and investments on health products, mainly over the counter, oral treatments and energizing drinks.

\*\*\*

**General Electric** is planning to acquire a stake in **SNECMA**, the French aircraft engine manufacturer. SNECMA is on the list of 21 French firms that may be privatized. The two companies already cooperate in joint ventures that produce CFM engines. American aircraft engine producer **Pratt & Whitney** already holds a less than 5 percent stake in SNECMA.

\*\*\*

**British Petroleum**, which holds 86 percent of the capital of its subsidiary, **BP France**, is to launch a bid on the remaining 14 percent stake. Generally, BP holds all of the capital of its subsidiaries and the operation is therefore a sorting out of the group's interests, says the management of the French subsidiary. Three years ago, BP France sold its oil production activities in France to the **ELF** group. Its activities concern refining and the operation of a network of 700 service stations.

—Bruce Barnard

### INSIDE EUROPE

#### Correspondents

Bruce Barnard  
Christina Barron

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

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# Danes Vote Yes to Maastricht

BY LEIF BECK FALLESEN

Diplomatically, some rather important issues have been settled in advance of the EC Copenhagen summit in June. The host, and incumbent presidency of the EC, Denmark, is neither scuttling the Maastricht Treaty, nor is Denmark about to leave the party. On their second try the Danes voted in favor of the Maastricht Treaty by a comfortable, if not impressive, margin at their May 18 referendum. The Danish Yes makes the United Kingdom, which has been awaiting the Danish outcome before deciding, the only EC member yet to ratify the treaty.



**With a high turnout of 85.6 percent, 56.8 percent of the Danes voted Yes, while 43.2 percent voted No to the treaty and a separate Edinburgh Agreement. Last year the Danes rejected the Maastricht Treaty with a very slim 50.7 percent majority and a slightly lower turnout of 83.1 percent.**

**It was a Yes, but a qualified Yes. The confrontation between police and No-voters the night after the referendum in the streets of central Copenhagen was a dramatic illustration of this point. The EC is still a highly emotional issue in Danish politics, and the leading anti-union groups have vowed that it should remain so.**

The immediate response of the business community and the financial markets was different. An instant pay-off. The Danish central bank lowered the discount interest rate by one percent, and a number of large corporations announced immediate implementation of investment plans that were shelved after the No vote last year. The government published plans to reduce taxes and increase public spending in an attempt to revive the sluggish Danish domestic market.

In terms of EC politics, the more lasting qualifications are spelled out in the Edinburgh Agreement of December last year in which the other 11 states agreed that Denmark shall not be committed to accept any kind of single currency, common defense, a union citizenship, or deeper cooperation on legal matters.

Whether the Edinburgh Agreement is legally binding or not was much debated in Denmark during the campaign. The government, unsurprisingly, insists that it is, and this interpretation has been supported by Denmark's EC part-

ners. But it is also generally accepted, outside Denmark at any rate, that a future Danish government can unilaterally decide to scrap the agreement.

The Danes are back on the road to some kind of closer EC union, but they want to remain in the slow lane and would be happy to see very little traffic in the fast lane. Most hope for more than a little help from Euro-skeptic friends in the United Kingdom. As a part of the Edinburgh Agreement, the Danes have promised not to block any new union initiatives the other 11 might agree on, but none of the so-called Danish "opt-outs" can be retracted without a new referendum, as things are in the foreseeable future in Danish politics. There is, therefore, a serious risk that Denmark may not partake in the next advance in EC integration.

When a new referendum might be possible is already the subject of a heated debate in Denmark. The leader of the Liberal Party, former Foreign Minister Uffe Ellemann-Jensen, is a very keen and articulate advocate of the earliest possible date. Few observers

believe that a majority in the Danish Parliament will dare ask the Danish voters to vote again on Europe before 1996-97, when the Maastricht Treaty is due for review anyway.

The Yes vote last month was a personal triumph for the Social Democratic Prime Minister Poul Nyrup Rasmussen. Last year he recommended a Yes to the Maastricht Treaty but was not supported by a majority of his own voters. This year he was. He was much helped by the leader of the Socialist People's Party, Mr. Holger K. Nielsen, who reversed his No from June last year to a Yes this year, because of the Edinburgh Agreement, which was jointly drafted by his party, the Social Democrats, and the Radical Liberal Party last fall. All three parties were in opposition but forced their views upon the Danish government (at that time headed by Conservative Mr. Poul Schlüter and Mr. Ellemann-Jensen) and subsequently had this national political compromise endorsed by Denmark's EC partners.

Mr. Nielsen was not supported by more than perhaps a fifth of his party's voters in his Yes last month. But he stuck to his view, despite the fact that his party was not included in the new government this year and was instrumental in turning the tide on the left wing of the Social Democratic Party.

The change of government is one key factor explaining why the Danes voted Yes. Another is that the second time the economic aspects of the vote had a much higher impact than before the first referendum. The polls showed a far greater fear of unemployment and personal economic loss in the event of a No vote than last year. Public knowledge of the content, not to say portent, of the Edinburgh Agreement was, according to all polls, very slight. A lackluster, at times even boring campaign, did nothing to proliferate knowledge of what are essentially complex economic, constitutional, and legal issues. The headiness of last year's EC vote is gone, when the nationalism fostered by the No was nourished by the unexpected European championship of the Danish soccer team. This year, by sheer coincidence, the soccer results are less impressive. ☹

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*Leif Beck Fallezen is the economic director for the daily Borsen newspaper and EUROPE's correspondent in Copenhagen.*

**Hans van den Broek, EC commissioner for external political relations, met with EUROPE Editor-in-Chief Robert J. Guttman in Washington. The commissioner spoke about the war in Bosnia, Western aid to Russia, and Eastern European countries hoping to join the European Community.**

EC COMMISSIONER

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# Hans van den Broek

**People say this is a civil war and the outside world should not get involved. Is the war in Bosnia a civil war or is it a war of Serbian aggression?**

We have a political, strategic, and also a moral obligation to do something here and not consider the crisis in the Balkans as some arbitrary conflict far away which will not affect us in any way. If the conflict spreads, indeed even NATO allies can come under a direct threat. Moreover, if this conflict is not solved and contained, if no political solution eventually is found, it can easily set a precedent for the type of solutions to similar conflicts.

We see all over Europe that there are hotbeds of tension stemming from historic ethnic conflicts. If we accept that a solution is dictated by the right of the strongest, we might as well accept that gradually the whole of the map of Eastern Europe or of the republics in the former Soviet Union will have to be redrawn. That is in flagrant

contradiction to, if not violation of, all the principles that were internationally agreed regarding the integrity of territory and regarding the principle of no unilateral change of borders, let alone by force. So there is more at stake than purely the human factor, however important that is.

**Many analogies—from Munich to Vietnam—have been made to the conflict in Bosnia. Do you see any analogies that you feel apply to the situation?**

I can understand why these analogies are being mentioned, and it is undoubtedly true that so far what has been lacking, for many explainable reasons, is the power behind our policies. You cannot continue to threaten a certain party that if he does not comply with the agreements reached at the negotiating table then he will have to bear the consequences unless you are prepared to enact those consequences. That is why we have constantly and gradually stepped up the pressure.

Think about the sanctions that have been gradually strengthened and have been made more effective. But if the regular political, diplomatic, and economic instruments at your disposal for the peaceful settlement of disputes eventually don't provide results and don't meet the ultimate objective of a real peaceful solution, then you must not shy away from seriously considering further and more stringent measures, including military ones.

**Are you surprised by the atrocities taking place in Bosnia?**

Nobody would have thought after the end of the cold war that the whole of Europe all of a sudden would be united and stable. But, at the same time, we would never have thought that these types of conflicts and developments were in front of us. In that respect, we all have been taken by surprise and are still trying to recover from that shock and find adequate answers for what has happened.



**Briefly, what do you think is the key cause of this war? Is it the history of ethnic rivalry, or is it somebody trying to land grab?**

It's more complex than that. One of the elements that certainly plays an important role here is that many of the peoples in the Balkans for example—but it also applies to those in the republics of the former Soviet Union—have never had the chance to determine their own future and to foster their own identity. Be it because at the time, like in the Balkans, they belonged to the Austrian-Hungarian empire and as such were dictated as to what their form of society was going to be. Later, communism fixed that kind of an iron ring around their aspirations and through oppression these feelings and these nationalistic sentiments were kept under control. These pent-up feelings have come to a full outburst with the arrival of more freedom, with the possibility of free expression, with the development of the notion of self-determination which we have seen. We have

not thought through the limits of those principles and the consequences of those principles in practice, and that is what we now have to deal with.

**What is the moral role of the so-called "civilized nations" when they see atrocities like this happening? When does the situation in Bosnia reach a point where we will get involved? What is the defining criteria here?**

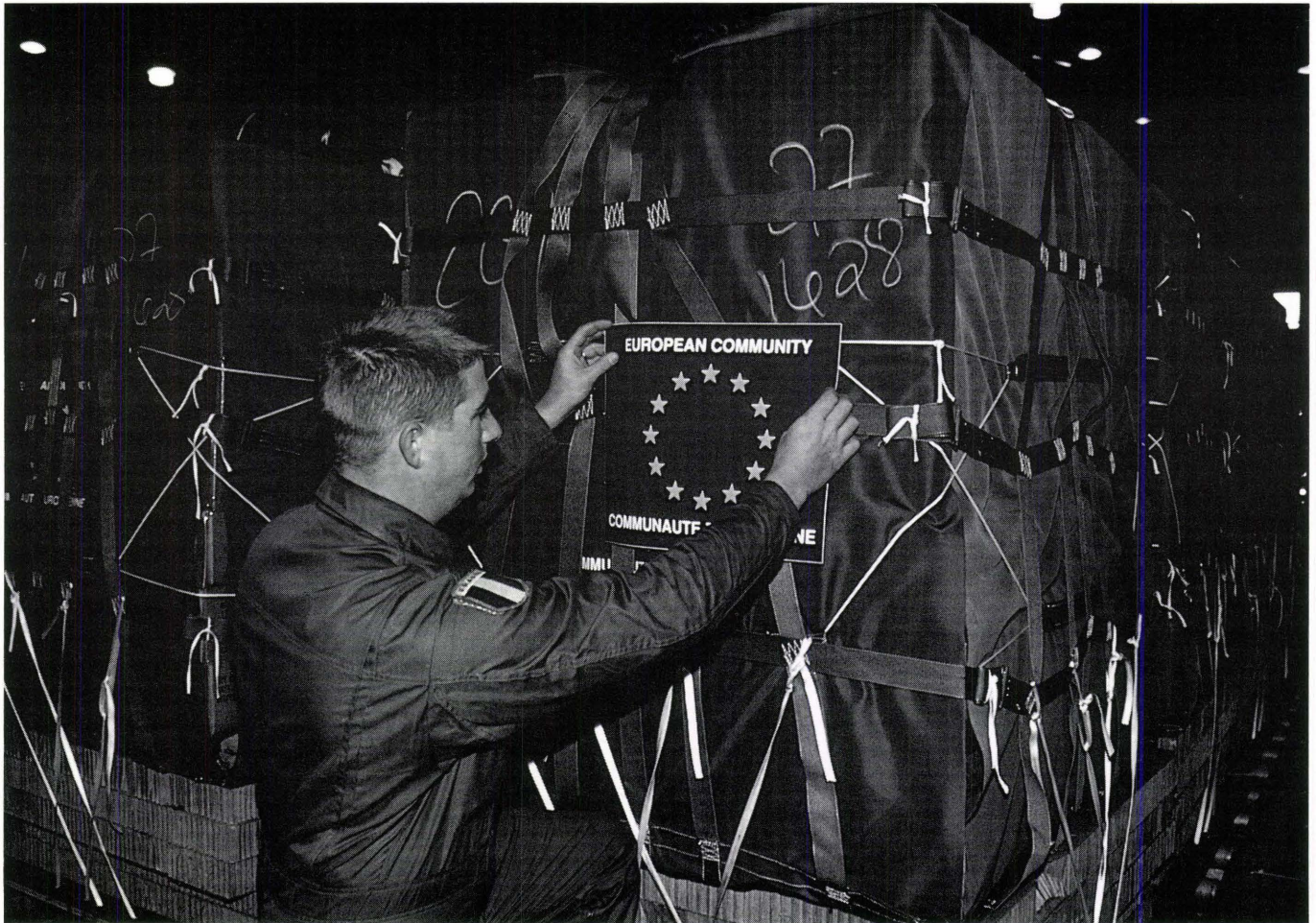
What you are asking is not when do you get involved—because we have been involved right from the beginning. Tremendous diplomatic and political efforts have been made: the conference under the chairmanship of Lord Carrington and, later, the Vance-Owen plan; the involvement of the United Nations; the extraordinary effort to provide humanitarian aid, where, by the way, the EC was in the forefront; European troops stationed on the ground to protect the humanitarian relief convoys; the tens of thousands of refugees taken in by the West; the assistance in

setting up camps to resettle those displaced in the areas stricken by fighting. I could go on. So one cannot possibly say that we have not, right from the start, felt that this was also a responsibility for Europe to try to contribute to a peaceful solution.

The real question, again, is in the modern day. We are no longer used to being confronted with situations where the political, diplomatic, and economic instruments no longer work and where we are being asked whether or not we are prepared to put real military power behind our political efforts, be it under the auspices and with the legitimation of Security Council resolutions.

This provides us with another difficulty because a lot of the more forceful action that has been taken was limited to the readiness of each and every member of the Security Council to allow for it and not to veto those kinds of operations. That is still true now.

We in the West are not free to decide on our own what type of measures exactly should be taken. We also have to



take into account what is the political feasibility of getting Security Council resolutions which clearly reflect the permission of the international community to use extraordinary means for political goals.

**Regarding the situation in Russia, is the West—the US and the European Community—personalizing diplomacy too much by putting all our chips on Boris Yeltsin? Should we look for other people there to work with?**

I don't believe that has been the approach. In Europe, we have consistently said that we have a vital interest in seeing that the political and economic reform in Russia and in Central and Eastern Europe would succeed. And that we should underpin that process and support and endorse the endeavors of all those political leaders that are best equipped and in the best position to have this process be maintained and eventually yield results. So in other words, if there were other political leaders

with the same objectives [who] would strive for a consolidation of the new democratic society with the respect for human rights and the rule of law and [who] would take the measures toward the free market economy, we would support them as well.

**How do you assess the situation in Russia and the other republics today?**

It is uncertain as we all know, although we feel that the referendum in Russia certainly has strengthened the hand of President Yeltsin. It has not, however, solved the domestic power struggle. It remains now to be seen whether President Yeltsin will be in a position to set the process in motion which leads to a new constitution, a new electoral law, and eventually to new elections, and whether he can really manage this process in order to stabilize the situation in the country.

**How would you characterize US-EC relations now?**

**The EC is in the forefront of providing humanitarian aid to Bosnia.**

Our latest consultations in the framework of the transatlantic cooperation have shown a great deal of consensus on issues of vital interest, be it the common effort that is required to revitalize the economic situation, be it on security matters, and even regarding the crisis in Yugoslavia and a policy toward Central and Eastern Europe. It shows again that on the basics there is a great deal of convergence. I feel that the trade disputes, which now and then cast shadows over our relations, should be seen against the background of all the positive elements in our cooperation. Certainly, President Clinton has taken up the commitment to go the extra mile to see to it that our trade disputes come to a satisfactory solution acceptable to both sides. And, moreover, that the US and the Community take as their responsibility finalizing the GATT negotiations before the end of this year. ☺

# The Rising Sun in the Old World

**Japanese Companies**

**Are Looking for a**

**Place in the Single**

**Market.**

**By Bruce Barnard**

*The unfurling of the Rising Sun on a factory flagpole in Europe doesn't generate much excitement nowadays.*

**J**apan Inc. is part of Europe's economic landscape after a \$55 billion investment binge since the mid-1980s, which has provided jobs for well over 100,000 workers at 500 industrial plants scattered across Europe. Another \$200 billion has been invested in non-manufacturing sectors, notably banking and insurance, which has made Japan a major player in Europe's financial markets.

Japanese spending has tapered off in the past two years, as major companies, stung by a collapse in profits and the bursting of the stock exchange bubble, adopt a more cautious foreign investment stance. But the downturn also reflects the fact that strategic investments, spurred by the single European market, are largely in place.

But in time, Japanese companies are certain to launch a new investment wave. Their cumulative investment is only half their spending in the United States, but the European Commission says it is quite conceivable that by the end of the decade the European market will be as important to the Japanese as it is to the Americans.

Small and medium-size companies don't show up in the investment table yet, but they are sure to make the 11,000-mile trip to Europe once economic activity picks up, according to the Japan External Trade Organization (JETRO).

Japanese companies initially moved to Europe to establish manufacturing bases in the European Community, just as American firms did from the 1950s onward. But they were also spurred by fears of being shut out of the single market and nagging worries that the EC would adopt a more protectionist stance to protect its vulnerable domestic producers from keenly-priced Japanese products.

At least 150 import quotas, an average of 40 anti-dumping actions a year against their exports, and a growing clamor for stricter local content requirements were other powerful incentives to set up shop in Europe.

Japanese companies were able to take advantage of exceedingly low domestic interest rates in the 1980s to fund their European invasion at virtually zero cost.

European rivals are divided between fear of competition from Japanese firms building on greenfield sites and employing young work forces and hope that their superior productivity, quality, and delivery will have a spinoff effect on European industry.

Governments too were split. The UK, in particular, rolled out the welcome mat, seeing the Japanese as providers of jobs and contributors to its trade balance. Others were less enthusiastic, particularly France, which viewed Japanese investment as part of a long term strategy to dominate European markets. The UK was accused of being the EC's Trojan Horse.

The standoff came to a head three years ago when France unsuccessfully fought to block the import of Nissan cars built in the United Kingdom.

Now, with Europe mired in deep recession and record unemployment, France has become an assiduous suitor

of Japanese inward investment competing against its EC partners.

The extent to which Japan's presence in Europe is accepted as "normal" was graphically illustrated in January when ILVA, Italy's state-owned steelmaker, announced the appointment of Hoyao Nakamura, a Nippon Steel executive, as its new managing director. The appointment of a foreigner, much less a Japanese, to such a high profile public sector job was unprecedented in Italy.

The UK remains the favored location for Japanese firms, accounting for 51 percent of their direct investment in 1991, compared with Germany's nine percent. France remains an also-ran, but it is tipped to move up the rankings when the Japanese resume their investments.

Japanese firms have 150 plants in the UK employing 40,000 workers making everything from automobiles, semiconductors, and ball bearings to zippers and color television sets. Financial services followed industry, creating a community of 50 Japanese banks and brokerage houses in the City of London.

The auto industry has captured the headlines, Nissan moving in first with a state-of-art plant in Sunderland followed by Honda and Toyota.

The Japanese auto firms, which plan to produce around 500,000 cars by the mid-1990s, have turned around the once embattled British industry. The UK is producing 400,000 more cars today than in 1984 and has been transformed from a net importer to a net exporter of autos.

The 18 Japanese television plants in the UK have turned a trade deficit in this sector into a \$600 million a year surplus.

The Japanese car "transplants" have scared European manufacturers who view them as the "enemy within," skirting an agreement with the EC to limit Japan's direct exports to the Community until 1999.

But the Japanese presence will also be a powerful force to help European manufacturers to cut their costs. Japan's costs are 30 percent below Germany's according to Ferdinand Piech, the new chairman of Volkswagen.

The Japanese have dispelled the myth of the all-conquering robotic Japanese worker who will always outperform Westerners by achieving Japanese productivity levels in their European plants. Nissan's Sunderland factory is beaten by only two other car plants in the world, according to industry analysts.

The profile of Japanese inward investment has changed over the past five years, as companies increase levels of local content (Toyota is aiming for 90 percent by 1995), shift design and research and development to Europe, and increasingly use local managers and suppliers.

Japanese firms' exacting requirements have also helped to improve quality standards and delivery times at their European component suppliers, which in turn feed through to other domestic sectors.

The competition will get tougher as Japanese component makers in Europe eventually move from exclusively supplying Japanese factories and pitch for business from European companies.

Although the Japanese firms no longer attract political flak, they risk getting into the line of fire if the recession deepens and their market shares hold up better than those of European companies.

There is a residual resentment in the European business community toward the newcomers. When Fujitsu bought 80 percent of ICL, the British computer firm in 1991, EC companies demanded its expulsion from JESSI, the EC's semiconductor research program. SGS-Thomson, the Franco-Italian electronics group, claimed the Japanese industry has developed a "fearsome war machine" as part of a long-term strategy it will pursue until it has "conquered the entire electronics industry."

These fears are receding as European companies form collaborative ventures with Japanese and American firms to survive in an increasingly global market requiring massive investments.

The Japanese too are losing their invincible tag, finding Europe just as tough as the Europeans do. A few Japanese banks have trimmed their operations in London, and some industrial firms are shelving expansion plans, and one or two are rumored to be mulling a withdrawal from Europe.

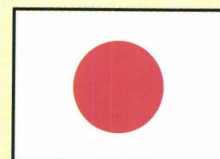
A survey by Japan's Ministry of International Trade and Industry (MITI) found that Japanese industrial investment in Europe has a profit to sales ratio of 3.2 percent, well below the five percent achieved in its Asian operations.

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



## EC-JAPANESE RELATIONS:



# Do They Exist Beyond Trade?

**A**s the Japanese prepare to host the annual G7 Economic Summit next month, relations between the European Community and Japan are centered on Japan's massive trade surplus with the European Community.

Jean-Pierre Leng, EC Ambassador to Japan, has stated that Japan's rising trade surplus with the EC is a "time-bomb" that must be defused before it derails bilateral relations. Japan's trade surplus with the EC in 1992 grew to more than \$31 billion, up from \$28 billion in 1991 and \$19 billion in 1990.

In a recent speech, Ambassador Leng stated that he was "very preoccupied that a very sensitive dimension of the [EC-Japanese] relationship, namely the ever-growing trade deficit of the Community vis-a-vis Japan, has reached a dimension which could trigger political tensions. This is particularly true in a period of recession and growing unemployment in Europe."

In addition to the problem of the growing trade surplus with Japan is the EC argument that it is very difficult for European firms to break into the Japanese market.

Andreas van Agt, the EC Ambassador to the US and formerly the EC Ambassador to Japan, has pointed out that "it remains extremely difficult to sell supercomputers to Japan, to receive construction contracts [to build in Japan], to get Japanese companies to buy value-added wood products or glass or optic fibers or processed food products like cheese. It remains virtually impossible for American or European lawyers to assist their corporations in Japan. Foreign insurance companies remain severely restricted. And these are not the only complaints that can be rightly made."

While the huge trade surplus with Europe and the aggravation of attempting to open the Japanese market to European goods and services currently dominates EC-Japanese relations, there are many positive attempts to build understanding and cooperation between the EC and Japan, which go on behind the daily headlines on trade disputes.

Ambassador van Agt, a longtime observer of Japanese-EC relations, feels that, "Europe's relations with Japan and vice-versa are yet rather poor as compared to the firm connections either has with the United States. Euro-Japanese relations are virtually confined to economic-trade matters, they are almost devoid of a political or cultural dimension....The reality is that Japan and Europe are only linked with a dotted line."

However, the times and trends appear to be changing. Leaders in business and government across Europe and Japan realize that there has to be a new relationship between the two sides that goes beyond arguing about trade and market access.

The current trend appears to show Japanese and European citizens are looking for opportunities to learn more about one another. A *Eurobarometer* poll taken in Japan to survey Japanese attitudes toward the EC found that the European Community is quite well known in Japan. Four out of five Japanese (79 percent) say they have heard of it. Overall, the most knowledgeable people about the EC in Japan are managers, professionals, and other

white collar workers.

Japanese are traveling to Europe on their vacations in record numbers. Hopefully, this increased travel will also bring about an improved awareness of each other's cultures. In 1991, approximately one million Japanese tourists visited Western Europe—with most flocking to France—and spent over \$3 billion. European travel to Japan is significantly lower. Both Europeans and Japanese, however, still spend more of their time and money in the US than in each others' countries.

Last year, the EC hosted a conference in Portugal, bringing together leading Japanese, European, and American journalists.

The EC has an Executive Training Program (ETP) which offers a unique opportunity for businessmen and businesswomen from EC countries to acquire an understanding of Japanese business and fluency in the Japanese language. EC business people can participate in a six-month, in-house training program in selected Japanese companies.

The Europeans and Japanese are expanding their contacts on many sensitive environmental issues. They are working together to help solve the problems of global warming, acid rain, and forest conservation.

In 1991 at the Hague, the EC and Japan agreed on a joint declaration to improve relations. They established an institutional framework for consultations, including annual meetings between Japan's prime minister, the EC Commission, and the European Council presidents.

Ambassador van Agt points out that it was "the Japanese who took the initiative to this declaration; they wanted to create a political partnership with the Europeans.... The declaration is closely modeled on the Transatlantic Declaration between the EC and the US and Canada, respectively."

Many analysts feel Japan needs to become more active in other international organizations. There has been some discussion about Japan becoming a permanent member of the United Nations Security Council.

Ambassador van Agt feels, "There is a strong case for tightening the political ties between Europe, the Community in particular, and Japan. Japan could be, for example, associated with the Conference on Security and Cooperation in Europe (CSCE). That organization already has non-European members."

Both sides realize the importance of strengthening, expanding, and deepening relations. Hopefully, the trade disputes and market access complaints won't completely overshadow other attempts to broaden relations. Signs are encouraging that cooperation in many other fields is growing.

As Ambassador Leng states, "The EC and Japan must continue to intensify their dialogue and do everything possible to reinforce and further promote cooperation." As the EC Ambassador to Japan noted in a recent speech, "We must confirm our mutual determination to widen and deepen the scope of our cooperation and dialogue to cover a wide range of questions including political, industrial, environmental, and development issues.

—Robert J. Guttman

# Kayak



TRAVEL

## Adventure with a Splash

By Mike McCormick

**All European countries have some waterway—canal, lake, river, or ocean—that is kayaked regularly. The sleek, maneuverable boats are a familiar sight in Germany, France, Italy, Spain, Austria, the United Kingdom, and Denmark.**

Germany has the largest number of paddlers. That's probably because kayaks were first brought to Europe by German skiers just after World War I. As the story goes, they were looking for a summer sport with a downhill sensation. They built some wood and canvas replicas of the boats used by Inuit hunters in the Arctic Ocean. After a couple of hair-raising runs down Alpine rivers, the skiers were hooked on kayaking. The sport then spread across the continent.

Recreational kayaking has three categories: white-water river running, calm-water touring, and sea kayaking. Each combines a physical workout with a chance for adventure, while appealing to different personalities.

By far and away, the most adventurous kayakers or canoeists are river runners. White-water kayaks and white-water decked-canoes closely resemble each other. The main difference is that a kayaker uses a double-bladed paddle, while a canoeist strokes with a single-bladed paddle. The boats are constructed of high-impact plastic or fiberglass and can withstand a "good pounding." Their toughness is essential, considering some of the places they end up.

"Corsica is pretty wild," says Thierry Humeau, a slalom canoeist on the French Olympic team. "It's the place where the crazy guys go. It has many rivers with waterfalls and narrow chutes and steep drops."

In white-water circles the lunatic fringe are referred to as "extreme kayakers." They wear specially padded wetsuits and helmets with face protectors so they can crash into rocks without being injured. Aside from the streams of Corsica, France's island in the Mediterranean Sea, they fling themselves down terrifyingly steep rivers in Austria, Italy, and Switzerland. But these daredevils make up only a small percentage of the sport.



# Kiing

Most people are more interested in scenery than thrills. The majority of Europe's paddlers prefer gently flowing rivers or canals, which they explore with large touring clubs. A popular run is the Lorschach River that flows past one of Germany's prettiest Alpine towns, Garmisch-Partenkirchen.

One of Europe's largest river touring operations is in the Ardeche Gorge in southern France. Over the course of the summer, thousands of Germans, Dutch, French, and others rent canoes in the town of Pont D'Arc for a one or two-day float trip down the Ardeche River. On some days the river is packed with "tourists in the wilderness."

Humeau explains the attraction: "It's unusual in Europe to have canyons like this. And people come because they appreciate the culture and food of Ardeche."

The United Kingdom has no great mountains, consequently, it's not a river runner's paradise. It is, however, known as a sea kayaker's cup of tea.

"Most of the coast around Britain is paddleable, and they do a lot off the coast of Ireland as well," said John Dowd, former editor of *Sea Kayak Magazine*.

A New Zealander by birth, Dowd now lives in British Columbia, Canada. Nevertheless, he has his recommendations on how to integrate sea kayaking with the British culture.

"I've done some coastal cruising off Scotland and around the Isle of Wight and the Isle of Mull," Dowd said. "It's sort of a built-up area, with little towns and pubs. You can do pub-to-pub type paddling. But you wouldn't want to drink much in the pub if you were paddling. It's nothing like a pub crawl."

He says the Scandinavian countries are the place to go for a wilderness experience. "Denmark is a great place," he insists. "They have a big kayaking tradition there, and it has myriads of little islands. Sea kayaking is the same as backpacking. You're going along from place to place fishing and camping. It's a sport for explorer types." ☺

*Mike McCormick writes about sports and the outdoors from Washington, DC.*

## Married with Medals

Olympic canoe/kayak events have long been dominated by European athletes.

The sprint, or flatwater events, were first contested in the Olympics in 1936 and have been a part of every Summer Games since. Much like rowing, they pit several boats against each other in a head-to-head race over a measured distance on calm water. The volatile whitewater slalom events have been in the Olympics only twice—in 1972 and 1992—but anyone who's seen them, remembers them long afterward. Slalomists negotiate a gate-course hung over a raging torrent. The competitors are racing against the clock, but their adversary is the turbulent currents. It's an unforgettable spectacle, especially when the river wins.

Frenchman Thierry Humeau was disappointed with his placing (18th) in the men's canoe singles class at the Barcelona Olympics, but he certainly celebrated when his wife, American kayaker Dana Chladek won the bronze.

Chladek admitted that she and Humeau ignored each other during the Olympic races, because their events were scheduled for the same day. That strategy has worked for them before. In the 1989 World Championships a few months before their wedding, Chladek won a silver medal, while Humeau won a bronze.

"When you race, you don't really care about your husband or wife, especially in the Olympics which is a real intense event," seconded Humeau.

Both Olympic slalom races were held on man-made rivers. In 1972 the artificial course was built in Augsburg, Germany. It gave kayakers fits because it was so boily and unpredictable.

The course for last summer was built in Seu d'Urgell, a small town in the Pyrenees. It also had the slalomists on edge.

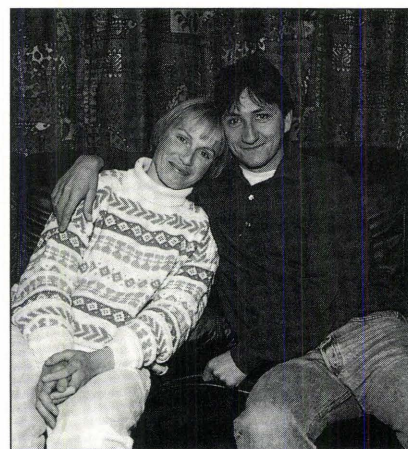
"Augsburg is a safer course," explained Humeau, who has raced on both. "It's wider and flows more slowly, and the waves are bigger than at Seu. That one is a short, fast river—very shallow and dangerous."

Quite a few racers were surprised with the outcome of the Olympic slalom. Several favorites—kayaker Richard Fox, of the UK, kayaker Myriam Jerusalami, and canoeist Jon Lugbill—all former world champions finished out of the medals. Chladek attributed the results to a wide-open, easy gate course.

"The television people told the organizers what kind of course they wanted, and it really changed the race," said Chladek. "It was set for people who glide well. The racers who are more skilled at difficult moves were at a disadvantage."

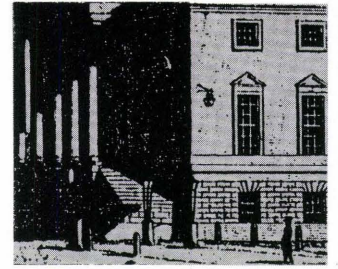
—Mike McCormick

While they are not mainstream sports, canoe and kayak racing are widely practiced in Europe. So much so, that the



**Dana Chladek and Thierry Humeau, in love with kayaking**

# CAPITALS



## Letter from Berlin

Germany welcomed the \$43 billion package of assistance by the leading industrialized nations (G7) to help Russian President Boris Yeltsin carry out his democratic and economic reforms as a "visible sign" of Western commitment and solidarity with the Russian president.

But the Germans, who have insisted upon the importance of helping Yeltsin, now make it clear that they themselves have done enough. Finance Minister Theo Waigel emphasized that "Germany's help to Russia went far beyond the country's national interests." Chancellor Helmut Kohl is pleased that the foreign and finance ministers in Tokyo now agree that "the success of the reform policies pursued by President Yeltsin was both in the interest of Russia and in the interest of all other countries."

German commentators point out that this help ought to have come earlier and that "now it may cost more." The Institute for Science and International Studies in Cologne fears that the package of \$43 billion will not be enough to bring about the desirable effects in a country with such enormous problems, "The sum may appear large, but compared with the funds needed for East Germany's rebuilding it is merely a very small percentage."

When President Clinton met with President Yeltsin in Vancouver and pledged \$1.6 billion of aid to Russia, Chancellor Kohl's office released a

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list detailing German support to Russia to impress upon the Americans and the other G7 members that Germany expected a stronger commitment of its partners. Since 1989 German aid to the former Soviet Union has amounted to \$49.8 billion and "has already been unrivaled by any other country," the Chancellor stressed. To this must be added the debt relief agreed upon in the Paris Club, an informal group of creditor nations. This means for Germany, as Russia's main creditor, a budget burden of almost \$5 billion until 1994.

In addition, Germany is providing substantial multilateral aid within the framework of the International Monetary Fund, the World Bank, and the European Bank for Reconstruction and Development. Germany is also paying 28 percent of the humanitarian and technical aid provided by the European Community.

According to Chancellor Kohl's list, German aid in 1993 and 1994 will become particularly effective in three areas. Already in 1992, the

German government earmarked \$3.1 billion for export credit guarantees for long-term loans to the newly independent republics. In 1993 Germany is also making "a considerable contribution toward the restructuring and modernization of the Russian economy." With a total of \$10.6 billion, Germany is supporting the withdrawal and the social reintegration of the Russian troops based in the former East Germany. Of this, \$5.2 billion will be made available in 1993 and 1994. In December 1992 the government pledged a further \$342.7 million. The main focus of the program is the construction of more than 35,000 flats for the returning soldiers and their families. One part of these funds will be used to retrain the soldiers for civilian professions.

"Compared with what Germans are giving and will still have to give Russia, the US help is small," said Minister of Economics Günter Rexrodt, "but I am pleased that the Americans have jumped the hurdle and made

a start." There is understanding for President Clinton's difficulty of persuading American voters and legislators who resist helping Russians while their own economy is still in trouble. Like the Americans, Germans also fear that Western conventional aid to Russia could go down the drain if it has no impact on real people. There is great need for innovative assistance.

The Russian proverb says "Don't give fish to a man at the river, give him a fishing rod." Recognizing this old wisdom, a German private association called "Farmers Aid in Eastern Europe" was launched recently. Its aim is to teach Russian farmers the basics of Western farming methods and to support their free enterprise initiatives. In a village near Novgorod, a pilot project has been founded consisting of a farmers' school and a model farm for some 550 families. Russians and ethnic Germans living in the region will be trained by German farmers and craftsmen in modern, Western farming. In addition to farming and raising cattle, the project organizers plan to operate a bakery, a butchery, a carpentry school, and a cooperative bank to make the farmers self-sufficient within a short period of time. The chairman of the association, Berthold Eckes, explains that food parcels must be replaced by shipments of machines and tools which help foster self-sufficiency. Help to self-help is still the best help.

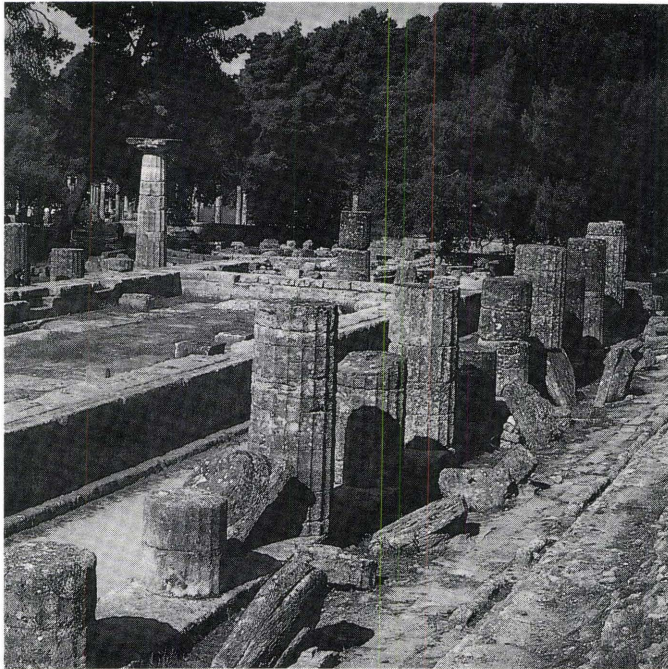
—Wanda Menke-Glückert

## ATHENS

## OLYMPIA

Although the history of ancient Greece is often an interesting blend of fact and myth, it appears that the world's perception of the original Olympic Games is for the most part accurate.

Olympia, located in the western Peloponnese, was the site of the first Olympic Games in 776 BC and despite almost constant warfare be-



It was not until the late 19th century that the French *Expédition Scientifique de Morée* excavated Olympia.

tween the ancient neighboring regions and cities of Greece, a truce was invariably honored during the time when all states came to Olympia to compete. Historical records, which include the names and hometowns of the very first winners, indicate that only twice was a state forbidden to compete because the truce was broken.

The city of Olympia itself has had its share of hurdles to overcome. In 393 AD, the Roman emperor Theodosius I ordered an end to the Olympic Games because they were deemed a pagan ritual. Then in 426 AD, Theodosius II ordered the destruction of

the city in an effort to eradicate anything non-Christian.

Following a series of earthquakes and landslides, much of Olympia was buried and lay undiscovered for over a thousand years.

For the ancient Greeks the Olympics were more than athletics. Competitors and spectators also partook in hours of lectures on history and philosophy as well as speeches by many of the orators of Greece.

At first, the Olympic Games were confined to one

tion *Scientifique de Morée*. In 1896 the Olympic Games were revived, primarily through the efforts of the French educator and scholar Baron Pierre de Coubertin and held under the royal patronage of the King of Greece in a new stadium constructed for the first Olympiad.

Among the most interesting sights to visit in Olympia are the Excavation Museum, which contains sculptures from Olympia's temples and relics of the games, and the Temple of Zeus, where the Olympic flame is kept to this day.

The ruins of the sports complex, including gyms, baths, pools, and sports arenas, are highlighted by the stadium itself, which has been restored to its 4th century BC condition.

To visit Olympia contact the Greek Tourist Office at 645 Fifth Avenue, New York, NY 10022; 212-421-5777.

—Kostas A. Poulakidas

## AMSTERDAM

## HOLLYWOOD, EUROPE

The Netherlands is rapidly turning into one of the major television producers of the European Community. Television producers Joop van den Ende and John de Mol are conquering the market for European commercial television programs. From their studios in Aalsmeer and Hilversum, they distribute their programs featuring Dutch performers to television stations in virtually all of the EC countries.

It sounds improbable to have a thriving television production industry in the Netherlands, which has an extremely uncompetitive public broadcasting system. Scores of poorly managed entities retain the rights to broadcast radio and television on three official channels. These entities, some of them dating back to the start of

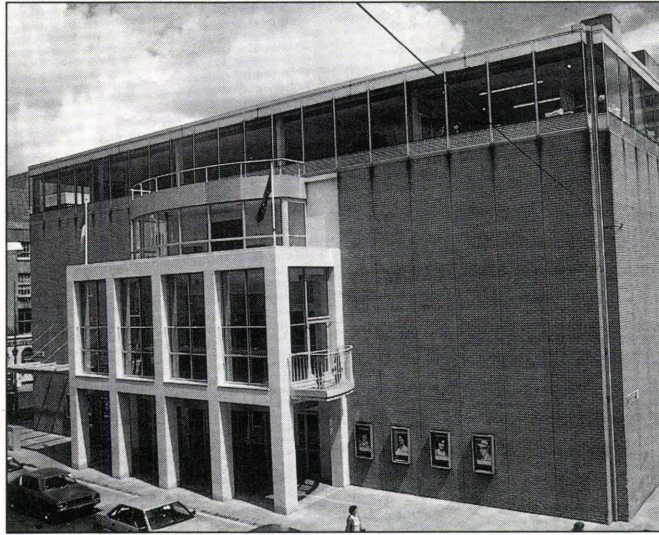
radio broadcasting, were originally based on religious or political beliefs. Though these ideological links have faded, public television is still managed by, among others, a Catholic, various Protestant, a Socialist, a Liberal, and many other entities. The national broadcasting corporation is largely pushed to the side.

In 1988, things changed in Dutch broadcasting when the European Court in Luxembourg opened the cable network to outsiders. A new, commercial station started competing with the traditional channels. Since then, attracting large audiences has been open competition. The "dream factories" of Joop van den Ende and John de Mol have been turning out television series, games, and entertainment programs. Within years, they were exporting game shows like the *Honeymoon Quiz*, series like *Medical Center West*, *Good Times Bad Times*, *Friends for Life*, and many other shows to television stations all over Europe.

The two entertainment tycoons have entirely different backgrounds. Joop van den Ende, 53, was born the son of a poor working class family in Amsterdam. He started working at the age of 14 as a set builder in the theater. Later, he worked as a manager for local Dutch performers, and he organized entertainment for corporate parties. In the late eighties, when the closed Dutch broadcasting system was showing signs of commercial openings, he tried to start his own television station, but failed. After this setback, he put all his efforts into the production of various shows for television. He contracted the major Dutch television personalities, and within a few years, those who had denied him a television station were knocking on his door in order to buy his now famous productions.

John de Mol, 36, is a dif-

ferent story. His father, a well-to-do businessman, bought a "pirate radio ship" in the early seventies, when commercial radio and television were still prohibited in the Netherlands. From the North Sea, just outside the territorial waters, the ship broadcast pop music to eager Dutch teenagers on shore. The junior de Mol became one of the disc jockeys.



**The Abbey, Ireland's national theater, was founded by William Butler Yeats and Lady Gregory to promote native Irish theater.**

When the pirate ships were closed down by the government, John moved to public television as the anchorman of a sports program. In 1979, at the age of 23, he started his own company that has produced shows and entertainment for television ever since. His major asset is his sister Linda, who especially in Germany, is extremely popular as a television personality.

The Joop van den Ende Group has its headquarters and studio in Aalsmeer. The group also has subsidiaries in Germany, Luxembourg, and the United Kingdom. Recently an office was opened in New York, where van den Ende will fulfill his largest ambition, the production of the musical *Cyrano de Bergerac* on Broadway starting this summer.

—Roel Janssen

## DUBLIN

## STORMY TIMES AT THE ABBEY

The thousands of tourists from the United States and other countries who will make the almost ritual visit to Ireland's national theater, the Abbey, this summer will be unaware of the latest turmoil

behind the scenes. The surprise announcement that the young, talented artistic director, Ms. Garry Hynes, has decided not to seek a renewal of her three-year contract at the end of the year has sparked yet another "Abbey crisis." She will have been the sixth artistic director in seven years which have seen a series of rows between the directors and the board, which is appointed by the government. She will have been, however, the first to complete her contract.

The Abbey is a national cultural institution, having been founded at the beginning of the century by William Butler Yeats and Lady Gregory to promote native Irish theater at a time when London provided Dublin audiences with its comedies and farces. When Irish political independence

was achieved in 1922, the Abbey became state-funded and much emphasis was placed on its role of promoting the Irish language.

It has always had a stormy history with such episodes as Yeats rejecting a play by Sean O'Casey and riots in the audiences at the mention of a woman's "shift" in a play by John Millington Synge. In more recent years the clashes have tended to occur between artistic directors (brought in to attract back audiences) and the board of the theater (which in the past has been seen as too traditionalist). The Abbey is also the most highly subsidized theater in Ireland, and this advantage has caused resentment on the part of other theaters although some of them have been more successful financially than the Abbey.

Great hopes had been pinned on Garry Hynes, who had revolutionized the theater in her native Galway through a talented company called the Druid. But her spell in the Abbey has not been a happy one and has been marked by a number of box-office flops. Irish audiences did not take kindly to her production of O'Casey's *The Plough and the Stars* in which the actors appeared with shaven heads and blackened faces. There were also trade union problems as the future of the Abbey company of actors seemed in doubt.

In her statement, Hynes says that the board of the Abbey "never accepted either the principle of the need for reform, or the urgency of it." But she has not spelled out what these reforms should be thus causing mixed reactions to her departure at the end of the year. Some commentators have written that the board did not intend to renew her contract so she was jumping before she was pushed. Under-funding is seen as a major problem at the Abbey in spite of its annual \$3 mil-

lion subsidy.

There is widespread regret in theater circles that a director of her originality and enthusiasm has not been able to lift the Abbey out of its recurrent artistic and financial problems. Ironically, her decision comes just as the theater seems to be on the verge of a highly successful summer program with new plays by some of the country's best known playwrights such as Brian Friel and Frank McGuinness.

—Joe Carroll

## LONDON

## TIME GENTLEMEN, PLEASE

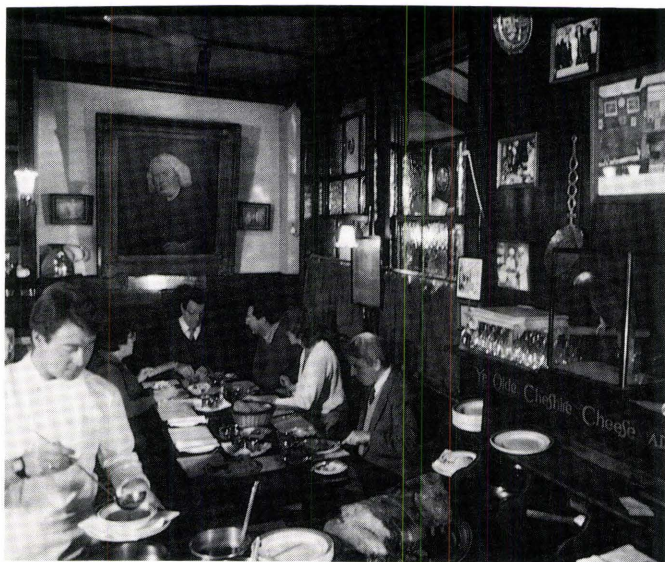
The "pub," that traditional meeting place of the British male, is in decline. The public house, to give it its full title, was once the social center of many communities, rivaled only by the local church. Not any more.

"Time gentlemen please" the traditional call at closing time in the pubs, will be heard less and less as the number of bars continues to shrink. The British, it appears, are no longer drinking as many pints of beer as once they did.

The ordinary English ale, or "bitter" as it is generally called, is an unchilled bland-tasting amber liquid drawn by pump from a barrel and served in pint glasses. Some detractors have described bitter as being as appealing as dish water.

Beer consumption fell by 800,000 pints a day last year. And 2,000 of the UK's 60,000-odd pubs have shut since 1989. While 80 percent of beer is still consumed in the bars, there is a growing shift toward US-style home drinking.

Beer accounted for nearly three quarters of the UK alcohol market in 1960 while now its share has fallen to just over half of the total market.



Eighty percent of all beer sold in the UK is consumed in pubs.

A number of factors account for the decline—the recession, health concerns, tougher drunken-driving laws, and high pub prices. A report in April by stockbroker Lehman Brothers found that the price of many beers in the UK was twice that of France and the Netherlands.

In a determined attempt to retain their clientele and attract new customers, especially women, pubs are now offering entertainment. Not just the traditional darts and snooker, but live music, quiz nights, and even Japanese-style karaoke evenings.

The government is also considering a change in the laws which have barred children from pubs. This often led to the bizarre ritual of the children drinking juice in the car park while their parents drank in the pub.

Home Secretary Kenneth Clarke put forward a proposal in March to license some pubs to allow youngsters to be admitted until eight p.m. when accompanied by an adult. "It's time to relax some of the laws which have made the pubs no-go areas for families," declared the minister.

Could "Time children please" be the cry which will help halt the decline of the pub?

—David Lennon

## MADRID

### WEAKER PESETA TO INCREASE TOURISM

The Spanish press has dubbed May 13, "Black Thursday," the day that the government requested of its European Community partners an 8 percent devaluation of the peseta within the Exchange Rate Mechanism.

Within 24 hours, more bad economic news was to follow with the announcements that the number of unemployed had reached a record high of 3.3 million, or 21.7 percent, and that inflation had risen to 4.6 percent.

In the weeks leading up to the devaluation and in the midst of the election campaign, the Socialist government was insisting that no such move was in the cards. But analysts say the government had little choice as the Bank of Spain had spent some \$40 billion dollars in foreign reserves since the autumn in supporting the currency.

Within days, the government had set spin doctors to work arguing that the silver lining to the devaluation would be an in-

crease in exports and more tourists flooding the Spanish beaches taking advantage of suddenly much more affordable holidays.

Both these sectors of the economy are vital to Spain, and the government hopes that a surge in goods sold abroad would translate into busier factories and therefore help stem the rise in joblessness.

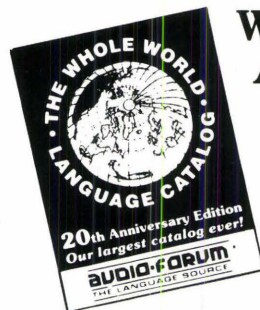
After the two peseta devaluations last fall, exports have surged, with an almost 13 percent rise in the first quarter of this year.

With this latest devaluation, the government hopes to see this trend continue.

"Now we have the right conditions to see an important increase in exports," said Industry Minister Claudio Aranzadi a week after the devaluation. He added that Spanish businesses are as competitive now as they were back in 1984.

Tourism, the leading foreign exchange earner for Spain, should also benefit. In 1992, 55 million visitors came to Spain, many of them at-

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## LUXEMBOURG

## A SAVERS' HAVEN

When Germany implemented a 30 percent withholding tax on savings accounts in January, Luxembourg's banks quickly saw a surge of funds coming across their border.

Indeed, German banks encouraged the flow by opening additional branch offices in the Grand Duchy to help clients escape the levy. Nine-

teen new German branches were set up in the last few months, increasing the total to 62. The banks then turn about half the funds back into Germany to invest in stocks and bonds.

This is the latest action that has helped Luxembourg's total fund assets climb to \$206 billion—a 62 percent rise from December 1991.

A record 213 banks—one-fifth from Germany alone—have offices here, with assets valued at \$436 billion. There

are also 1,041 different investment funds valued at \$206 billion. The financial services industry accounts for nearly one-sixth of the country's economy, 20 percent of its tax revenue and nearly one-tenth of its workforce.

The country is also said to have been benefiting from Switzerland's rejection of EC membership. The Grand Duchy offers ties to the EC while maintaining Swiss-like bank secrecy laws. By establishing in one EC member country, a bank is free to set

tracted by the Barcelona Summer Olympics, the Expo '92 in Seville, and Madrid's year as the European Cultural Capital.

There was some concern that the numbers would fall off in 1993, but the first two months of the year saw an increase of 5.3 percent over the same period in 1992. And with hotels, restaurants, and services now 8 percent cheaper, this could turn out to be a banner year for tourism.

—Benjamin Jones

## NEWSMAKERS

In spite of some laudable trimming of ministerial expenses France's recently elected Prime Minister **Edouard Balladur** has not totally foregone all the luxurious little extras that come with the job. Like his predecessors, he still dines off a service of Sèvres porcelain, which is so thickly encrusted with gold that any broken pieces are not thrown out but sent back to the manufacturer, to have the precious metal scraped off and recycled.

Balladur has also brought his own personal touch of class to the office of prime minister. Generally sobriety itself in dress and manner, he nevertheless reveals a flashy pair of ankles. He wears red socks—and not just any make. They are handmade by the venerable Italian firm of **Gammarelli**, which has been dressing members of the Roman Catholic Church for

two centuries. Gammarelli socks, available only in purple or crimson, are not just the ultimate in ecclesiastical elegance; they have also drawn a large number of secular clients who believe in putting their best foot forward.

•••

Being rich means being able to indulge your passions. Dutch multimillionaire "**Joop**"

**Karpov** and 17-year-old Hungarian prodigy **Judith Polgar** among them. They were all wined and dined for two weeks at his expense, with \$112,000 in prize money thrown in.

All that Van Oosterom asked in return was adherence to his rules, which can be a bit eccentric. The order of play, for example, was determined by having some water nymphs retrieve numbers at random from the bottom of a swimming pool. And half the games were purely cerebral contests, with no actual chessboard or chessmen, only a specially designed computer program to help plot the moves.

•••

As a result of his internationally televised interview on the **Oprah Winfrey** show—the first one he has granted in 14 years—everyone is now feeling sorry for superstar **Michael Jackson**, 34. It turns out that he suffers from a rare skin disease.

In Italy **Ferdinando Aiuti**, the country's leading AIDS expert, has been flooded with letters from warmhearted teenage girls offering skin

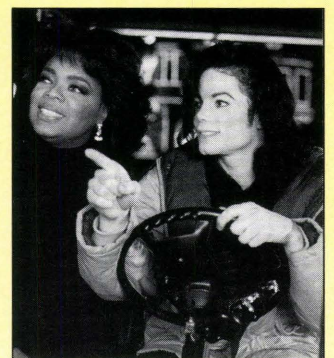
grafts, internal organs, and their lifesavings to help cure Jackson. "Stop your research on HIV immediately," implored one fan, "and find a remedy for vitiligo."

•••

**Luciano Benetton** just never seems to run out of colorful ideas. In the spring/summer edition of the company-sponsored magazine *Colors* he tested for racial prejudice among the 800,000 readers by printing some pictures of public figures with drastically altered complexions. The **Queen of England** was depicted as a black woman and the **Pope** was featured as an Oriental gentleman. The question asked was: "Would the change in skin color affect public opinion of these personalities?"

It seems that a black Queen looked as if she might be more attentive to the problems of her former colonies and that an oriental-looking

## Michael Jackson



Edouard Balladur and his wife.

**Van Oosterom**, 55, who made his fortune from Volmac Software, is a chess fanatic. Once champion of the Netherlands he now organizes private chess tournaments to which he invites some of the world's top players.

In Monaco recently for the second edition of the Melody Amber Tournament (which is named after his daughter), he united 12 grand masters, former world champion **Anatoly**

up businesses throughout the EC without having to have each member-country separately approve its operations.

Luxembourg Finance Minister Jean-Claude Juncker has objected to EC initiatives to establish a minimum withholding tax for the Twelve. A 15 percent tax has been suggested by Belgium Central Bank Governor Alfons Verplaetse.

Juncker has argued that if Brussels harmonizes withholding tax rates on bank accounts, it must include all tax-

free havens that are not EC members. These include Switzerland, Austria, and the Channel Islands of Jersey and Guernsey.

Another component of any EC effort on withholding taxes must include, Juncker said, the harmonization of fiscal accounting rules that allow companies to skirt the levy in some member countries.

Meanwhile, pressure from Bonn prompted the Association of Luxembourg Banks and Bankers to caution finan-

cial institutions here to be less aggressive in their marketing strategies.

—James D. Spellman

## LISBON

## THE SHOOTING OF SPIRITS

Lisbon was a key player among the star-studded cast—which includes Jeremy Irons, Meryl Streep, and Glenn Close—for the filming of Denmark's Oscar-winning

producer Bille August's multi-million dollar production of Chilean writer Isabel Allende's family saga *The House of the Spirits*.

Portugal played the ideal host for the shoot, which began in January near the picturesque fishing village of Vila Nova de Milfontes in Portugal's Alentejo region. The film crew moved to Lisbon, then back to do some studio work in Denmark before wrapping up the shoot in Lisbon in April.

Oscar-winning British

Pope was considered unlikely to have a Polish accent. Scarcely had the howls of outrage at such irreverence died away, than Benetton came out with another publication: A sampling of the love-and-hate mail generated by the company's shocking advertising campaigns. The slim volume appeared under the catchy title: "What's AIDS Got to Do with Knitwear?"

•••

Soon after **Pirelli** unleashed its latest tire ad, in which **Sharon Stone** seduces her chauffeur, **Vauxhall** has gone one better and produced the steamiest and most expensive car commercial ever seen on European television.

To promote its new Corsa model, Vauxhall paid \$4.7 million for the services of five international supermodels: **Linda Evangelista**, **Christy Turlington**, **Naomi Campbell**, **Tatjana Patitz**, and grunge queen **Kate Moss**. They were each given a part to play in a slinky, often kinky, mini-drama of sexual jealousy. Each of them pits her racy lines against those of the Vauxhall Corsa and each of them is outclassed. Evangelista smashes a row of crystal chandeliers in a jealous frenzy, Campbell stalks around in leather shorts and thigh-high boots, and Moss, wearing a top-heavy hairdo of sculptured curls and a vapid

smile, is knocked off the catwalk into the audience by the Corsa's bumper.

The ad took a year to plan, four weeks to shoot, and runs for 80 seconds. A sequel is already planned which will show each of the models plotting revenge on the sassy little hatchback.

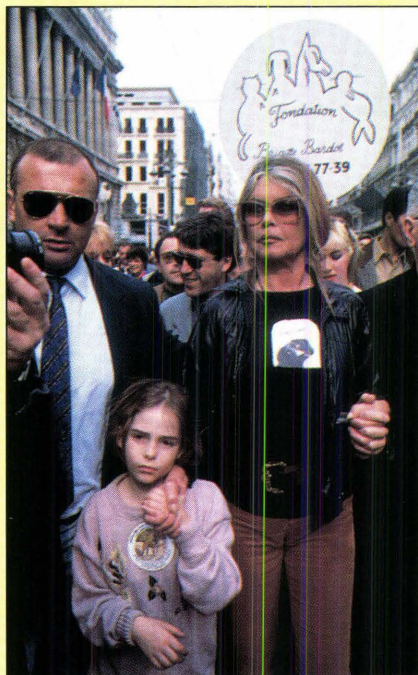
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Ever since **Alan Spada**, the mayor of St. Tropez, banned her dogs from the beach four years ago, **Brigitte Bardot** (58) has been pouting behind the 15-foot-high walls of her villa, "La Madrague." Now she may have found just the man to avenge her: her new husband.

"Monsieur BB," as the locals call him, is a 51-year-old businessman by the name of **Bernard d'Ormale**. After sweeping Bardot off her feet last August, he is now running a vitriolic campaign to oust Spada from office. He promises to change the "antiseptic and cold" atmosphere of Spada's regime and restore the festive mood that reigned in St. Tropez in the sixties. One of his ideas is to have a brigade of pretty

girls patrolling the streets, asking people if they are happy.

Should her Prince Charming be elected mayor, Bardot may finally be persuaded to emerge from her walled sanctuary where she



Brigitte Bardot

has been locked away with her menagerie of cats, dogs, goats, and donkeys. "I've found what I've been searching for a long time," she confessed after her marriage, "a species in danger of extinction—a real man."

•••

In its annual spring list of

the UK's richest people, the *Sunday Times* has continued to rank **Queen Elizabeth** at the top of the 400 names it cites. It is almost impossible to give an exact figure of Her Majesty's wealth, since a sizable part of her property and assets, like the Crown Jewels, for example, actually belong to the State. After some immensely complicated calculations, her total fortune is listed as \$7.6 billion, with \$688 million of it as her personal wealth.

The Queen is in mostly male company on the list (she is one of only 25 women) and quite a few of the wealthiest names have a foreign ring to them. In second place, for example, are **Gad and Hans Rausing** from Sweden, who have amassed \$6.1 billion in the UK with their **Tetra Pak** food packaging business. And not too much further down, at number 11, is the financial speculator **George Soros**, who has accumulated \$1.1 billion since leaving his native Hungary.

The number of aristocrats is down to 60, and only 64 on the list attended either Oxford or Cambridge University. The message seems to be that you do not need to start out at the top to end up there. Could this be **John Major's** classless society?

—Ester Laushway

actor Jeremy Irons (Esteban Trueba) acts as the pivot between Meryl Streep and Glenn Close in the \$27 million movie which traces three generations of the turbulent family saga of the Truebas. Ms. Allende never makes the setting of her novel explicit but chooses instead to evolve the story around three key stages in 20th century Chile. Isabel Allende herself is a cousin of the late Chilean President Salvador Allende who was killed in the military-led coup of 1973. The revolution, which led to General August Pinochet seizing power, acts as the background to the film's curtain closer, while the earlier stages take place in the 1920s and the 1960s.

"It's a story about contrast in society, about love and hate. The masculine world is the action part, the earthly part, while the female is more ethereal and has to do with emotions and forgiveness," Mr. August explains, conceding that "It's true the story takes place in South America, but it's a huge family story which could be anywhere in the world."

After searching all of South America, namely Chile and Argentina, Bille August chose Vila Nova de Milfontes, which lies about 70 miles south of Lisbon, as the spot with the right feel for the story.

"Portugal looks like South America; there are good production people; and it's much, much cheaper," explained Samona Benzakein of the Paris-based public relations company, Publicity in Europe.

The production team dedicated two months and one million dollars to the construction of a replica of the

20th century mansion of The Three Marias, buried deep in Portugal's southern agricultural region of the Alentejo. In Lisbon, they chose historic sites such as Queluz Palace, the cathedral, parliament, Lisbon's port, and the palace of Independence to depict such scenes as the Pinochet-orchestrated coup.

Portugal's landscapes have long provided the scenery for international productions. Portugal is in fact the European country which has been the most chosen site for movies. Between 1988 and 1992, a total of 174 international films, such as Fred Schepisi's *Russia House*, have taken advantage of Portugal's fine weather, historic cities, beautiful countryside, and fa-

among the cast of 2,000, which included 20 Chileans.

"It's a great adaptation. They assured us nothing was lost from the book in the script. It is a very powerful story," enthused Glenn Close, who plays Ferula, Esteban's unmarried sister.

The film will open in the US in November, after its world premiere in Germany on October 21.

—Sarah Provan

## PARIS

### CARDO FROM CHANTELOUP

Among the newcomers in the right wing government elected by the French in March is Pierre Cardo, the man who dethroned former Prime Minister Michel Rocard from his seat in the Paris suburb of Conflans-Sainte-Honorine. That victory alone separates Cardo from the crowd, but it is not just as Rocard's nemesis that he commands attention.

For the past 10 years Cardo has been the mayor of the community of Chanteloup-les-Vignes, where 80 percent of the inhabitants—mainly immigrants from North Africa—live in a low-cost housing development riddled with delinquency, unemployment, and drug abuse. Not content with simply applying the usual band-aid

solutions provided by various social services programs, Cardo decided to try some less conventional remedies.

In 1984 six unemployed youths in Chanteloup came up with a plan for a "community development" association

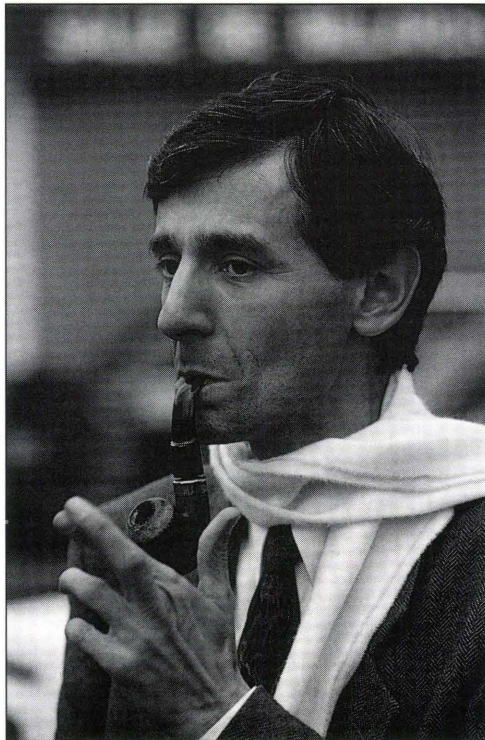
that would be run not by professionals but by the people themselves in need of help. The idea was not entirely their own; it was inspired by similar community self-help groups organized by the extreme Left in some of Brazil's poorest areas. Instead of stamping on the project with right wing indignation, Cardo took a gamble and let the young *Loups* (wolves), as they became known, show what they could do.

Within five years the original *Loups* had given birth to a whole litter of active and popular clubs dealing with specific groups like adolescents, single mothers, children, and the elderly. Chanteloup began receiving visits and hearty congratulations from government ministers who were only too glad to be able to hold up a seedy block of tenements as a shining example of community spirit at work.

There have been some sour grape-type grumblings from rejected-feeling social workers. The *Loups* are not properly qualified, they point out, and "they only help Algerians." The answer given to the first complaint is that practical, hands-on experience is worth more than any diploma and as for the second, "It's normal," say the Algerians, "there are more of us than anyone else."

Pierre Cardo, after showing how liberal-minded a mayor he could be, is now tackling French government on the national level. With his trademark white scarf slung around his neck and his pipe firmly gripped between his teeth, he has already approached Simone Veil, the recently appointed minister of Social Affairs, Health, and the City.

He would like a law to be passed making parents responsible for the conduct of their children. He believes that parents who do not look after their children properly should be penalized—per-



**Newly elected Pierre Cardo wants to make parents legally responsible for the conduct of their children.**

avorable costs.

American beauty Winona Ryder, recently seen in Bram Stoker's *Dracula*, Vanessa Redgrave, and new Spanish discovery Antonio Banderas (Pedro Almodovar's *Tie Me Up. Tie Me Down*) were also



haps have their family allowance withdrawn or have a fine imposed. Among the parents he brands guilty of neglect are those who let their children hang around on the streets at night and who often do not even want to come and pick them up from the police station afterward.

Cardo realizes that his proposal will meet with some furious opposition from civil libertarians, but he is not easily put off. His experience in Chanteloup has taught him not to listen when people tell him something is impossible, "I say that if politicians are not willing to take risks, French society will explode."

Cardo's proposal, fairly explosive itself, is now lying in the government's court. It will be interesting to see how it is handled and what future fireworks Chanteloup's mayor will set off in the French National Assembly.

—Ester Laushway

## ROME

### PATERNITY LEAVE

A history-making decree of the Constitutional Court confirms that, as far as family and children are concerned, Italians are among the most socially progressive populates. The highest Italian court has decided that from now on fathers too can be granted leaves of absence from their workplace in order to take care of their children. Until now, only women were given this opportunity.

Fathers will be granted this permission up until the baby's first birthday. But, since women are allowed various extensions even later on (for example, if the child is sick), one can imagine that soon this last "discrimination" against fathers will fall as well.

This decree, which will revolutionize the habits and work arrangements of many Italian families, is based on

two conditions. First, the mother must have a job outside the home. The father, too, cannot be self-employed. Second, the father must present his employer with a declaration by the mother that she is willing to be substituted by her husband, and a declaration by the wife's employer that attests to the fact that the woman is renouncing her right to take care of the child.

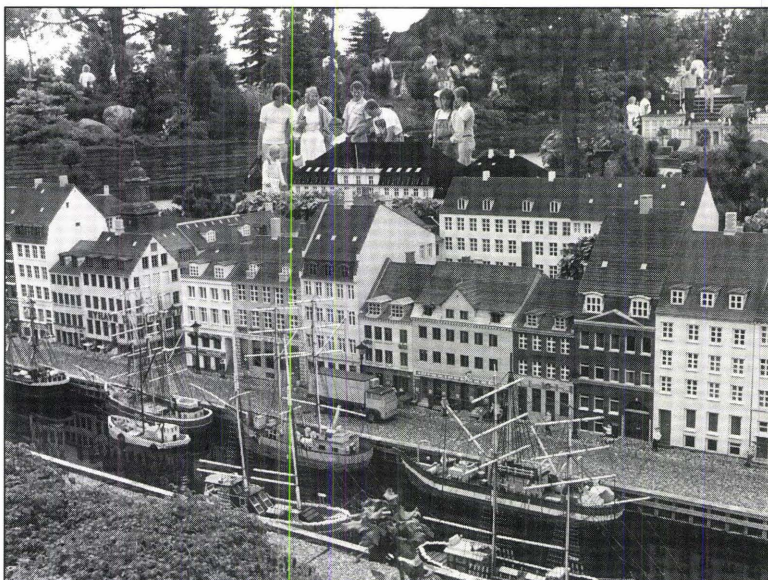
All this is another confirmation of the particular role that the family has always played in Italian society and economy. Even before the Constitutional Court rendered this judgement, Italian legislation was on the cutting edge in guaranteeing the rights of working mothers. Women, besides having the right to stay at home with full pay during the last two months of pregnancy (or even longer, if there are complications) and for three months after giving birth, have the right to take two hours off a day for nursing, always at full pay. Furthermore, if the mother decides to stay at home, her job is guaranteed without pay until the third birthday of the child.

—Niccolò d'Aquino

## COPENHAGEN

### PLASTIC BRICKS BUILD BILLUND

Among Denmark's handful of internationally known products, the Lego plastic toy brick is not only a perennial financial success, it is also a growing tourist attraction. Denmark's Legoland, which this year celebrates its 25th anniversary, is located next-door to the factory headquar-



Legoland celebrates its 25th anniversary as one of Denmark's biggest tourist attractions.

ters in Billund, Jutland.

Originally designed as little more than an outdoor showroom for the factory, Legoland has developed into a major tourist attraction. Last year more than 1.2 million people visited Legoland, two thirds of them foreigners. This year the figure is expected to be higher. Though modest by the standards of Tivoli in Copenhagen, with more than four million visitors a year, Legoland is the third-ranking tourist attraction in Denmark. And Tivoli has been around for six times as long as Legoland.

This year's newcomer in Legoland is Holland in miniature, a construction task creating a demand for two million bricks, and bringing the total investment in bricks beyond 40 million. But the talk of the town and in Denmark generally is linked to the retirement of the 72-year-old Godtfred Kirk Christiansen, in charge of the family-controlled business since 1958. Also venerably known as the King of Lego, Godtfred Kirk Christiansen is much more an example of the American dream than the Danish dream. His father had a very small factory producing wooden toys, and by the age

of 12 he was part of the daily operation. He left school early and never acquired any formal education at a higher level. Instead he became a full-time entrepreneur.

Billund is in a rather poor part of Denmark, and the thousands of jobs that Lego provided made Billund more or less a company town. More than that, it also gave Billund Denmark's second largest airport, originally established as Lego's private airstrip, adjacent to the factory and now Legoland.

Christiansen's drive is highly unusual in Denmark, where tax rates remain almost prohibitive and where the political culture has become more and more oriented toward the employees, their pensions, and social rights. Things may be changing, at least slightly. The new Social Democratic coalition government promises to provide more incentives to entrepreneurs, among them a special allowance of almost \$1,000 a month to any unemployed person wanting to set up a new business. How many new "Legos" will be created is an open question. But some say that it is at least a start.

—Leif Beck Fallesen

# ARTS & LEISURE

## ART

### Americans in Giverny

The American Museum in Giverny celebrated its one year anniversary on June 2. Although Giverny's claim to fame is the former home and spectacular flower and water gardens of world-famous French impressionist Claude Monet, now there is even more reason to take the 45-minute drive from Paris (40 miles west) to this small village on the border between the Ile de France and Normandy.

Monet lived in Giverny from 1883 until his death in 1926. Here, inspired by the lily pond that he created, he painted the huge canvases of the *Nymphaeas* series, which can be seen in the Orangerie Museum in Paris. His house and gardens were restored and turned into a museum in 1980, showcasing reproductions of his most famous works, his collection of Japanese (18th-19th century) prints, and his ingenious garden designs.

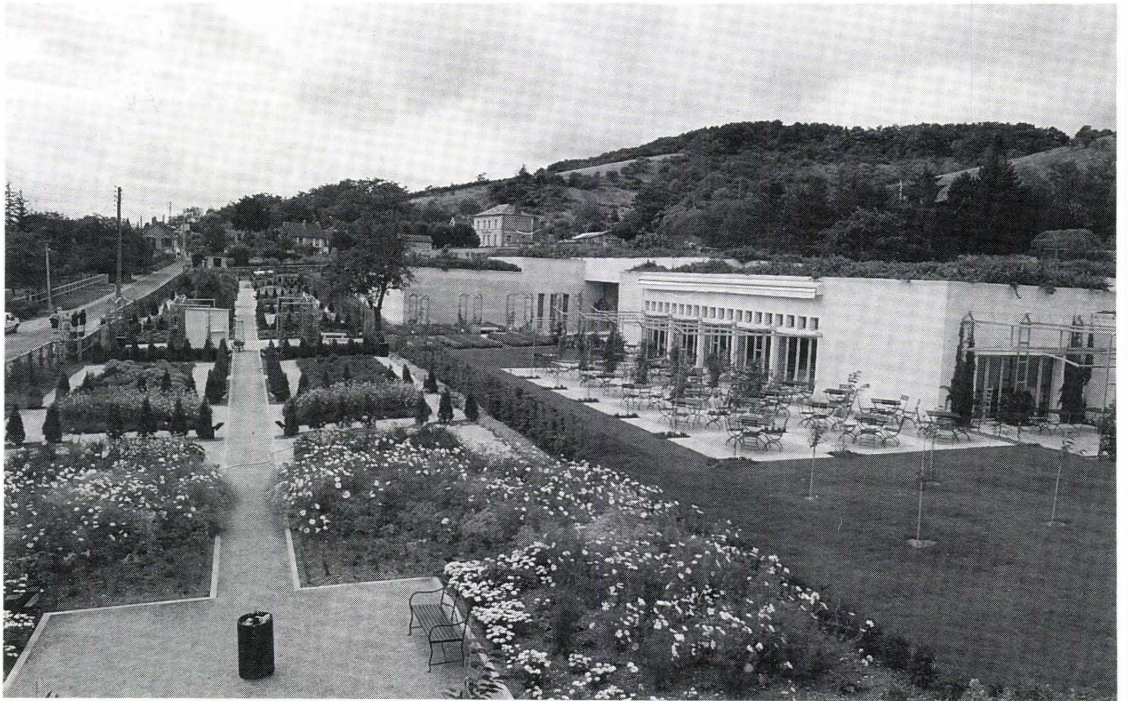
It was during Monet's stay in Giverny that thousands of aspiring American artists came to study in France—to Paris, Brittany, and Provence. Many also made their way to Giverny to meet with Monet, who had moved there because of the unusual character of the landscape and the special quality of the pearlescent light. Monet's next-door

neighbor, Lilla Cabot Perry, an American artist from Boston, who shared his passionate interest in gardens, encouraged her friends to visit. By the end of the century, more than half the houses in Giverny were occupied by American artists.

As Perry recalled, Monet admonished them all to "paint what you really see, not what you think you ought

founded the Terra Museum of American Art in Chicago in 1987 and were looking to build a museum to help celebrate American artistic achievement in the land that gave birth to Impressionism. The Giverny project began in 1986 when the Terras discovered that Lilla Perry's property and studio in Giverny were for sale. When they found that the land was too

The Terras were attracted to Giverny in the first place because it had been the largest, longest-standing American artist colony. Says Judith Terra, "We both personally loved the Impressionists (the bulk of their personal collection is American Impressionists), and we knew that many works had been painted right here in this village. We wanted to show our



The American Museum in Giverny celebrated its one year anniversary on June 2.

to see; not the object as isolated in a test tube, but the object enveloped in sunlight and atmosphere, with the blue dome of heaven reflected in the shadows."

The new American Museum in Giverny is the brainchild of Daniel Terra, who had been Ambassador-at-large for Cultural Affairs under President Reagan. He and his wife Judith had

small for development and the house unable to accommodate valuable paintings (sophisticated security systems could not be installed; the same applies to Monet's home which can only house reproductions), the Terras purchased the contiguous property (just down the road from Monet's gardens) and looked for an architect who shared their vision.

gratitude to the French as well as provide a venue to expose French and Europeans to American historic art."

The museum's inaugural exhibition, *Lasting Impressions: American Painters in France, 1865-1915*, continuing through this year, includes masterpieces painted by Americans like Winslow Homer, John Singer Sargent, Mary Cassatt, and Theodore

Robinson, who were all strongly influenced by Monet as well as by other great French painters a century ago. Of these, it was Robinson who did more to win the acceptance of Impressionism in the United States than any other painter of his generation. Not only influenced by Monet, Robinson also became a close friend of the artist. His best-known work and coincidentally a favorite of the Terras, *The Wedding March*, documents the betrothal of American painter Theodore Butler to Monet's stepdaughter in 1892. The painting, which shows the couple leaving the mayor's house (the building is still standing—next to the new museum), captures the spontaneous, transitory moment of which Monet was the undisputed master. It has also been described as an artistic rendering of "...the Wedding of French-born Impressionism to American art...."

Currently, the Musée Américain is featuring a special exhibit of Maurice Prendergast's work. Born in St. John's, Newfoundland, and raised in Boston, Prendergast went to Paris at the age of 31 to study painting. The exhibit will showcase every medium he employed: monotypes, watercolors, and oils. A former fashion illustrator, Prendergast was fond of painting Parisian parks and cafes, bustling city boulevards, and beaches populated by graceful women and charming children beautifully attired. According to the Terras, future exhibits will focus on what was going on in art in France compared to what was happening in America during the same time period. For example, a comparative exhibit of contemporaries Prendergast and Degas is in the works.

The Terras are determined to preserve the ambience of Giverny, which has virtually remained the same since Monet's time. Thus, the

Musée Américain has been designed to blend into the natural hilly landscape of this celebrated Norman village. The building itself is constructed of natural limestone quarried in Normandy; the roof is covered in heather. The surrounding gardens complement the museum structure and are another visual reminder of the light and color that attracted so many American artists to Giverny.

The same care that has been taken to preserve the site shows in the innovative museum design and exhibition techniques. French architect Philippe Robert, originally hired as a consultant, came up with the complete design concept that everyone, including the local village council, approved. Robert "sought to create a unique atmosphere for the appreciation of art." He juxtaposed subtle colors and materials, contrasting shadow and light and creating an openness between the interior and exterior of the building. The color scheme of earth tones recurs throughout the three galleries filled with natural light. The end product is a state-of-the-art modern museum, a feat that was not easily accomplished in the hills of Normandy.

Judging by its rave reviews from French and Americans alike, the Musée Américain is as much a tribute to modern-day French-American cooperation as to the historical artistic connection between the two countries.

Musée Américain is open to the public from April 1 through October 31 from 10 a.m. to 6 p.m. Tuesday through Sunday. Tours can be scheduled through the Musée Américain Giverny office (32-51-94-65).

—Janet Bennett

### Art Under 30

Although international acclaim often eludes acknowledged talents in the art world,

a group of fledgling artists were given worldwide exposure recently for their invention and promise. Sixty artists, all younger than 30-years-old from a half-dozen European and US cities, showcased their Invention through Reason, the Hopes of Mankind, the Dreams of Youth at the National Academy of Design in New York City. The exhibit represented entries in an international painting competition sponsored by FIAR, an Italian defense and aerospace agency in celebration of its fiftieth anniversary. Ten artists each from Rome, London, Paris, Milan, New York and Los Angeles were selected to compete for prizes of nearly \$20,000. The exhibition in New York marked the last leg of its six-city tour.

Callum Innes, an Edinburgh native, took highest honors in the competition with her *Two Identified Forms*, an oil on canvas. Other winners include Stefano Arienti, Massimo Kaufmann, and Paola Pezzi of Milan; Andre Bick of London; and Rory Devine of Los Angeles. The work, much of which fused art and science thematically, included traditional media of oils and acrylics. However, many of the artists eschewed tradition for work in wood, resin, aluminum and mixed media.

FIAR, which has supported other artistic and historical projects, such as the Poldi Pezzoli Museum and the Brera Astronomical Observatory in Milan, announced its plans to continue to invest in human as well as technical innovation.

—Christina Barron

## BOOKS

**LET'S GO 1993: The Budget Guide to Europe** St. Martin's Press. 881 pages. \$15.95.

Every year thousands of students armed with back-

packs and Eurail passes travel to Europe. Most of these are hardcore budget travelers, always looking for the dirt-cheap bargains in food, fun, and accommodations. To help them find their way and stretch their dollars, many take along the book considered the budget traveler's bible, *Let's Go Europe*.

Besides its distinctive bright orange cover *Let's Go* is unique in that it is put out by students (although *On the Loose*, a rival publication written by students from the University of California, Berkeley, has surfaced recently). For 23 years Harvard Student Agencies (HSA), a non-profit organization staffed by students, has researched, written, and published the annual guide and a number of spinoff books.

The first *Let's Go* guide was written in 1960 by Oliver Koppell, a Harvard student and HSA member who was running a travel service that booked students on charter flights to Europe. Koppell and another student decided to provide their customers with information on inexpensive hostels and restaurants, so they prepared a pamphlet of travel tips. The original, mimeographed handout was included free with each customer's travel package.

The idea was well received, and the next year another Harvard student wrote a 64-page booklet, published in the fall of 1960, based on his own experiences of European budget travel. The team of writers who were hired the following year to write the booklet were accused of plagiarizing material from the Frommer book *Europe on \$5 a Day*, and the fledgling *Let's Go* became involved in a lawsuit over the matter.

The organization was in serious trouble in late 1961, when James Posner was hired to revamp *Let's Go*. Posner, then a freshman, decided to change the character of

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**Publications April-September 1992.** *Office for Official Publications, Luxembourg, 1992, 94 pages.* List of official sale publications issued between April and September 1992. **Free**

**XXVIth General Report on the Activities of the European Communities, 1992.** *Commission, Brussels, 1993, 545pp.* Provides a general picture of Community activities over the past year. Chapters cover: European Union; the Single Market and the Community Economic and Social Area; External Relations; Intergovernmental Cooperation and Human Rights; and Community Law. \$30.00

**Country Profile: Soviet Union, 1980 to 1991, Survey of the Final Years.** *Statistical Office, Luxembourg, 1993, 142 pp.* Provides detailed information on many aspects of the Soviet Union prior to its break-up in 1991. Covers the scale and direction of trade flows, economic development and cooperation between the Soviet Union and the EC, climate, geography, population, health, communication, transport, and education. \$20.00

**Thesaurus Guide 1992.** *Commission, Brussels, 1993, 1,033 pp.* A guide to thesauri used in organizations around the world. Each entry lists: the languages in which it is available; format; the fields covered in it; total number of terms in the work; and contact name and address. \$110.00

**Town-Twinning: A Europe of Towns and Cities.** *Commission, Brussels, 1993, 188 pp.* Details the town-twinning concept, local and regional administrative divisions and the twinning situation in Member States, as

well as the way local administrations are organized in the EC. \$17.00

**European Economy No. 54: Annual Economic Report 1993.** *Commission, Brussels, 1993.* Presents analyses of economic prospects for 1993. Reviews the economic situation in 1992 and describes how the declining growth rate, unemployment, and inflation of 1992 will affect the 1993 growth. \$35.00

**Earnings: Industry and Services 1992.** *Statistical Office, Luxembourg, 1993, 285 pp.* Gives detailed statistics on the earnings of manual and non-manual workers in industry. Information is also provided on hourly gross amounts, gross monthly earnings, and more.

**Iron and Steel Yearly Statistics 1992.** *Statistical Office, Luxembourg, 1993, 167 pp.* Presents yearly statistics on the structure and economic situation of the European Community's iron and steel industry. Details information on employment, size of enterprises, consumption of raw materials, indirect foreign trade and prices. \$35.00

**Directory of Community Legislation in Force and Other Acts of the Community Institutions, 20th Edition.** *Commission, Brussels, 1993, 1,018 (Two volume set).* These volumes cover binding instruments of secondary legislation arising from treaties, as well as other legislation such as internal agreements. It also cites agreements made between the

Community and non-member countries. Each entry gives the number and title of the instrument, together with a reference to the Official Journal in which it can be found.

**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 Member States, plus the United States and Japan.  
Plastic map: \$50.00  
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**Portrait of the Regions.** *Statistical Office, Luxembourg, 1992, each volume approximately 330 pp.* Compares some 200 regions of the EC. Geographical maps, graphs, tables and comments describe each region individually, including the following features: territory, structure and changes of population, lists of similar regions, economic structure, employment figures, labor costs, characteristics, production, productivity, and environment.  
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*Let's Go* from a simple pamphlet handed out solely to the charter service customers to a nationally distributed book. He hired a newlywed couple to research the next edition during the summer of 1962. Joseph and Brigitta Troy (a Harvard Law student and a recent Radcliffe graduate) visited 22 cities in 72 days on their trip, which also doubled as their honeymoon. Posner spent that same summer in New York City, seeking advertisers and retail distributors and was spectacularly successful. The 1963 edition was distributed nationally. It received rave reviews and sold ten thousand copies immediately, and the next edition sold twice as many the following year.

Now *Let's Go* is billed as the world's most popular travel guide. Last year, readership was estimated at over 3 million. The profits from the sales of the *Let's Go* books are plowed back into HSA and are used to fund other Harvard student programs.

Unlike many other travel books of the time, *Let's Go*, with its offbeat, tongue-in-cheek style, appeals especially to students on strict budgets who want more than a list of sights to see. By the late 1970s, *Let's Go* was so successful that it expanded to include a series of more in-depth guides covering individual European countries and specific regions and a US version, *Let's Go USA*.

Today, writer/researchers are chosen every February and March by *Let's Go's* managing staff, who look for independent students with a nose for budget travel and good writing skills. Proficiency in a foreign language is helpful but not required. This year 80 writer/researchers were chosen out of an applicant pool of over 200. About 40 of these students will contribute to the Europe edition.

After editors have chosen their staff, the researchers

are prepared for their trip. They participate in an extensive training program, which includes excursions into Cambridge to practice reviewing local hotels and restaurants.

After final exams are finished, the researchers set out on their journeys, which can last for up to eight weeks, depending to where they are traveling. It's not all fun, however. Although their trips are paid for by *Let's Go*, researchers travel alone on tight itineraries and even tighter budgets. They visit each restaurant and hotel listed in the previous year's edition (to ensure that the establishment hasn't become a tourist trap) and investigate new places. Each week they file a write-up of the past seven-days' travel. One week's research may include over 70 pages. Additionally, one must always be ready for unexpected adventures—several years ago, the researcher in Sweden was chased up a tree by a reindeer.

The work isn't over when the researchers have finished their task. During August, a team of editors in Cambridge begins the task of preparing the book for publication. The new editions can be found in bookstores by mid-September and in European youth hostels and campgrounds soon after.

—Maia Gemmill

### **The World's Best—The Ultimate Book For the International Traveler.**

*Edited by Cathleen Peddicord. Agoria Inc. 616 pages.*

What took the Lord seven days to create and humankind thousands of years to discover and build upon, *The World's Best* attempts to identify and define the best of in less than 600 pages. In sort of a written *Lifestyles of the Rich and Famous* this "historical anecdotal manual" attempts to name and describe "those unconventional and special

places around the world" selected by the writers of *International Living* magazine.

The book takes the reader to a dizzying array of premier sights, hostelrys, restaurants, resorts, and shopping areas throughout the world. And, as if that were not enough, the editor throws in the magazine's selections of the "top retirement homes, employment and educational opportunities, real estate buys, and a 'quality of life index' for good measure."

Well-organized by country and region, the book begins with 14 chapters on Europe, ranging from 28 pages devoted each to the UK, France, and Germany to a slim two pages on the Commonwealth of Independent States. Although the title might suggest an egoistic approach to the subject matter, the authors (and hopefully the readers) from the outset appear to be having fun with the chapter titles. The book is replete with titles such as, "Worms: The Strangest History," (on the Rhine) and "The Best Bull in Town" (Las Ventas and Vista Alegre, in Madrid). So comprehensive does the *The Best* try to be that it even includes "The best restaurant toilets" in its Paris section (Bofinger and Le Cafe Costes).

Any reader will, of course, take issue with some, if not many, of the book's selections. I for one totally agree that The Grill Room at the Connaught is the best restaurant in London, but choosing the hotel itself over Claridge's seems questionable. Likewise, Twenty-One in New York is a lovely place, but its selection over Lutece makes me wonder about the tastebuds of the critic.

While these are personal disputes, for a fifth edition *The Best* does contain too many errors. Naming Washington's Four Seasons (built in the late seventies) as the capital's "oldest" hotel shows

signs of hurried editing. And, this ambitious compendium leaves out other important information that could be vital to a traveler relying on it as the only source of trip information. For example, the lovely description of Srinagar fails to mention the religious strife that has caused the State Department to put it, as well as other parts of India, on its watch list.

Notwithstanding these limitations however, *The World's Best* would be a pleasurable addition to any travelers' library.

—Robert S. Bassman

### **France on the TGV.**

*By Mark Beffart. Mustang Publishing Co. 288 pages. \$12.95.*

To many travelers, France conjures images of Paris cafés and restaurants, or maybe the beaches of the Côte d'Azur. But France has much more to offer, yet because of its size, which is large by European standards, many visitors often find it difficult to fit other parts of the country into their vacation plans.

With the help of the TGV (Train à Grande Vitesse), this may change. "Imagine traveling nearly 200 miles per hour on a train in complete comfort and safety. The ride is so quiet and smooth, you hardly notice you're moving," writes Mark Beffart in *France on the TGV*. Subtitled "How to Use the World's Fastest Train to Get the Most out of France," the book is precisely that: a comprehensive travel guide to over 50 cities in different regions of the country accessible via the TGV system.

Since the opening of the first high speed line between Paris and Lyons in 1981, the TGV has expanded to reach virtually every corner of the country. The latest addition is the hyper-modern TGV Atlantique line, serving western France: "From its complex microprocessor to the high-

tech suspension system that ensures a smooth ride, the TGV Atlantique is a train 20 years ahead of its competition." Beffart's chapter on the history of the TGV may go beyond the interests of the average traveler, but we get the idea—with a speed record of over 300 miles per hour this train saves time.

What we also find out is that although the TGV may seem a ground-travel equivalent of the Concorde in technology and speed, it is much more affordable. With a per-passenger cost of operation 25 percent below that of cars or airplanes, the TGV way of traveling is not limited to just the rich and famous. Of course, if you have the money to spend, the opportunity is there. Beffart suggests renting an entire TGV for a private party for a mere \$36,000 (Paris-Lyons round trip.) For those with more modest ambitions, the TGV offers a multitude of choices. Beffart not only dedicates one chapter to each of France's main regions, but he also offers some sample tour options, with details on train times and tickets. The first-time visitor, for example, may want to try the "Mini-TGV Trip," which includes adventures in the Burgundy district, the western Alps, the Loire Valley, and Brittany, with plenty of time left to explore Paris itself—all in seven days!

Because of its unique focus on the high speed train, *France on the TGV* does not include many of France's charming little villages and country idylls, since they are generally not anywhere near the TGV system. As Beffart points out, however, a rental car can always increase your options. But for the modern, efficient traveler, business or pleasure, it can be highly recommended. As Beffart predicts, with the current plans to link a TGV system with several neighboring countries, including the UK

(through the Chunnel), it may become the dominant means of travel in 21st century Europe.

—Jonas Weiss

## ALSO NOTED...

The city of Memphis will host the largest exhibition ever shown in North America on the French Emperor Napoleon Bonaparte from now through September 22, 1993. Held in the Grand Exhibition Hall at **The Memphis Cook Convention Center**, this exhibit features 175 pieces of art and other historic objects belonging to the legendary emperor. Included are Napoleon's cradle, throne, uniforms, carriage, and several paintings of Napoleon by master artists such as Jacques-Louis David (*Bonaparte Crossing the St. Bernard Pass*). Also shown are exquisite decorative pieces from Napoleon's collection such as Sèvres porcelain and a display of Empress Josephine's jewels, including the diamond tiara given to her by Napoleon (Van Cleef & Arpels).

This exhibit is open seven days a week from 9 a.m. until 10 p.m. (last entry 8 p.m.). Tickets are \$11 for adults, \$10 for Seniors (60 and over), and \$6 for children (five to 16). For more information call 1-800-755-8777.

The Age of Baroque in Portugal is the first major art exhibition sent to the United States by Portugal. Organized by the **National Gallery of Art** in Washington, DC and the Portuguese Secretariat of State for Culture, this exhibit features 115 art objects from 18th century Portugal. Items on display include a carved and gilded wood altarpiece from Evora, table silver of 18th century nobility, elaborately carved furniture, and exquisite jewels. There is also a special section featuring the Portuguese hand-painted blue-and-white tiles known as

*azulejos*.

The National Gallery will run this exhibit from November 7 through February 1, 1994. For more information call 202-842-6353.

The **J. Paul Getty Museum** is hosting an exhibit of the 18th century Italian draftsman Giovanni Battista Tiepolo through July 25. Twenty-five of Tiepolo's pieces are on loan from the Metropolitan Museum of Art's extensive collection of his work. Included in this exhibit are examples of his figural studies, such as a drawing of Apollo racing his chariot across the sky, used for the ceiling decoration of the gallery of the Palazzo Clerici in Milan. Also are sheets from his series of prints the *Capricci* and *Scherzi di fantasia*.

The J. Paul Getty Museum, located in Malibu, California, is open Tuesday through Sunday, 10 a.m. to 5 p.m. Admission is free, but advance parking reservations are required (310-458-2003).

The works of Swedish Impressionist Anders Zorn will be on display at the **Isabella Stewart Gardner Museum** in Boston through August 22. Born in Sweden in 1860, Zorn described himself as a peasant who painted the portraits of Sweden's royalty. He also became the portraitist of three American presidents: Grover Cleveland, William Howard Taft, and Theodore Roosevelt.

This exhibit focuses on Zorn's male and female portraits, paintings of city life, nudes, salon paintings, and ethnographic scenes.

The Gardner Museum is open Tuesday to Sunday from 11 a.m. to 5 p.m. Admission is \$6 for adults, \$3 for seniors, and free for children under 12. For more information call 617-278-5107.

Even for connoisseurs, the Nuremberg exhibition of 180

of Pablo Picasso's paintings, sculptures, drawings, and graphics offers some surprises. The works, assembled for the first time, are part of a collection of Mr. and Mrs. Peter Ludwig.

Already in the 1940s, the young Mr. and Mrs. Ludwig were great admirers of the Spanish artist. Collecting Picasso during the successive decades turned into an extensive and unusual collection of works of all Picasso's different creative periods. The collection presents a variety of examples of Picasso's development from his beginnings in Barcelona to his late work.

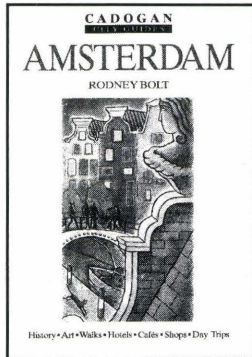
The exhibition will be on display in Nuremberg, Germany from June 18 till October 10 to mark the occasion of the re-opening of the **Germanisches Museum**. For more information contact the German Information Center (212) 888-9840.

—Christie Gaskin

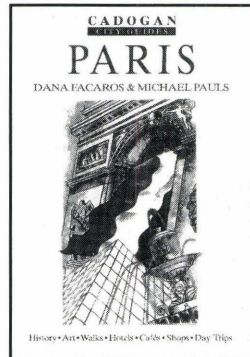
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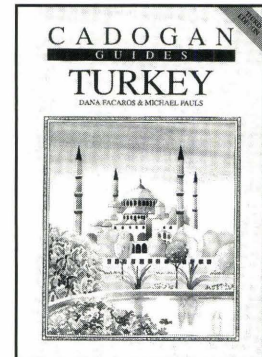
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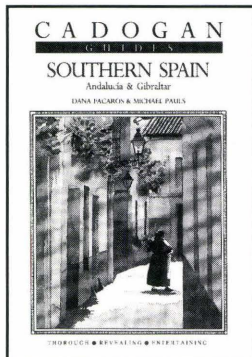
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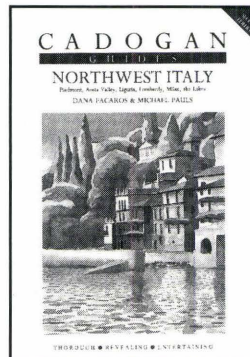
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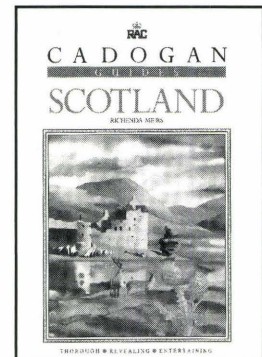
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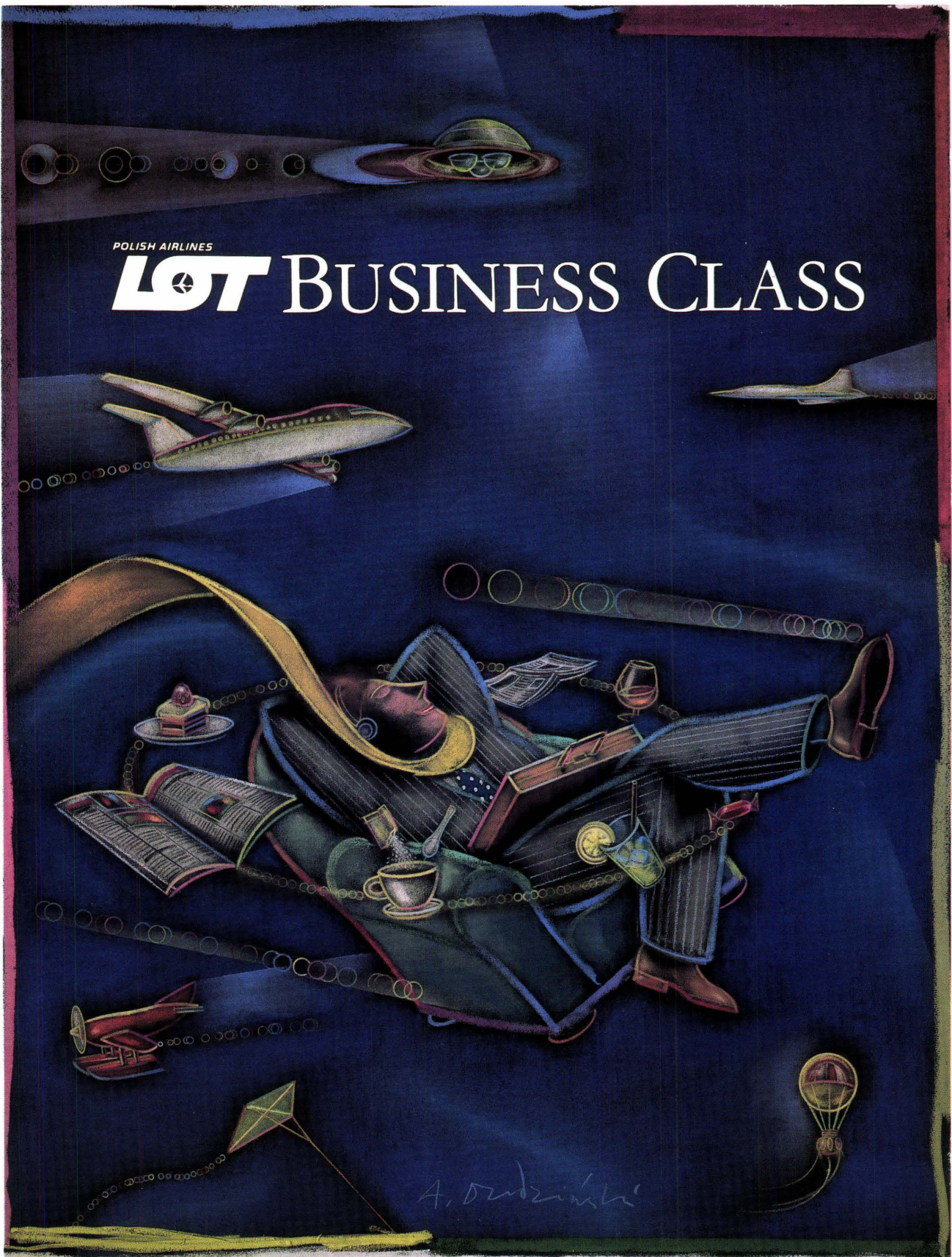
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