

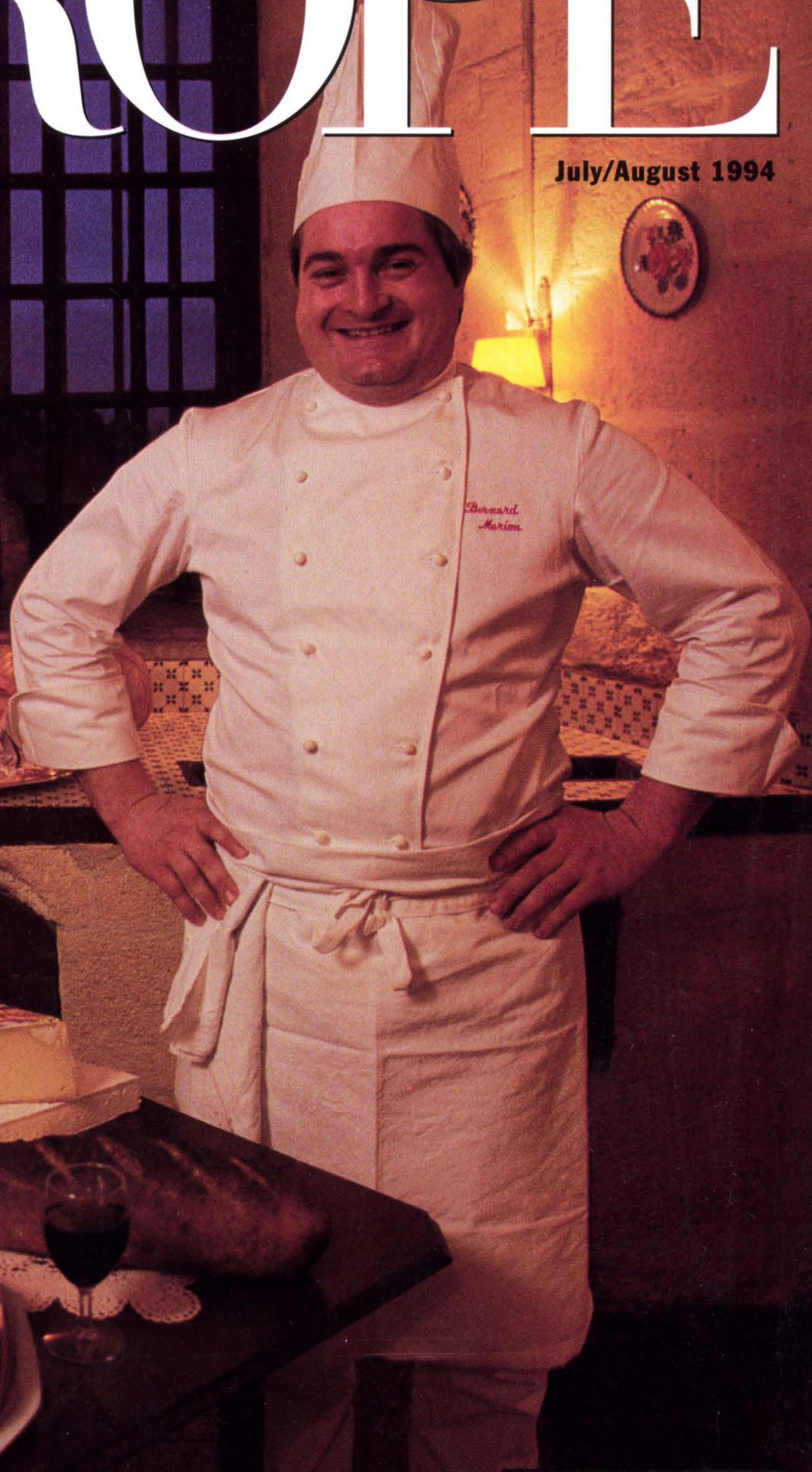
EU SEARCHES FOR NEW LEADER

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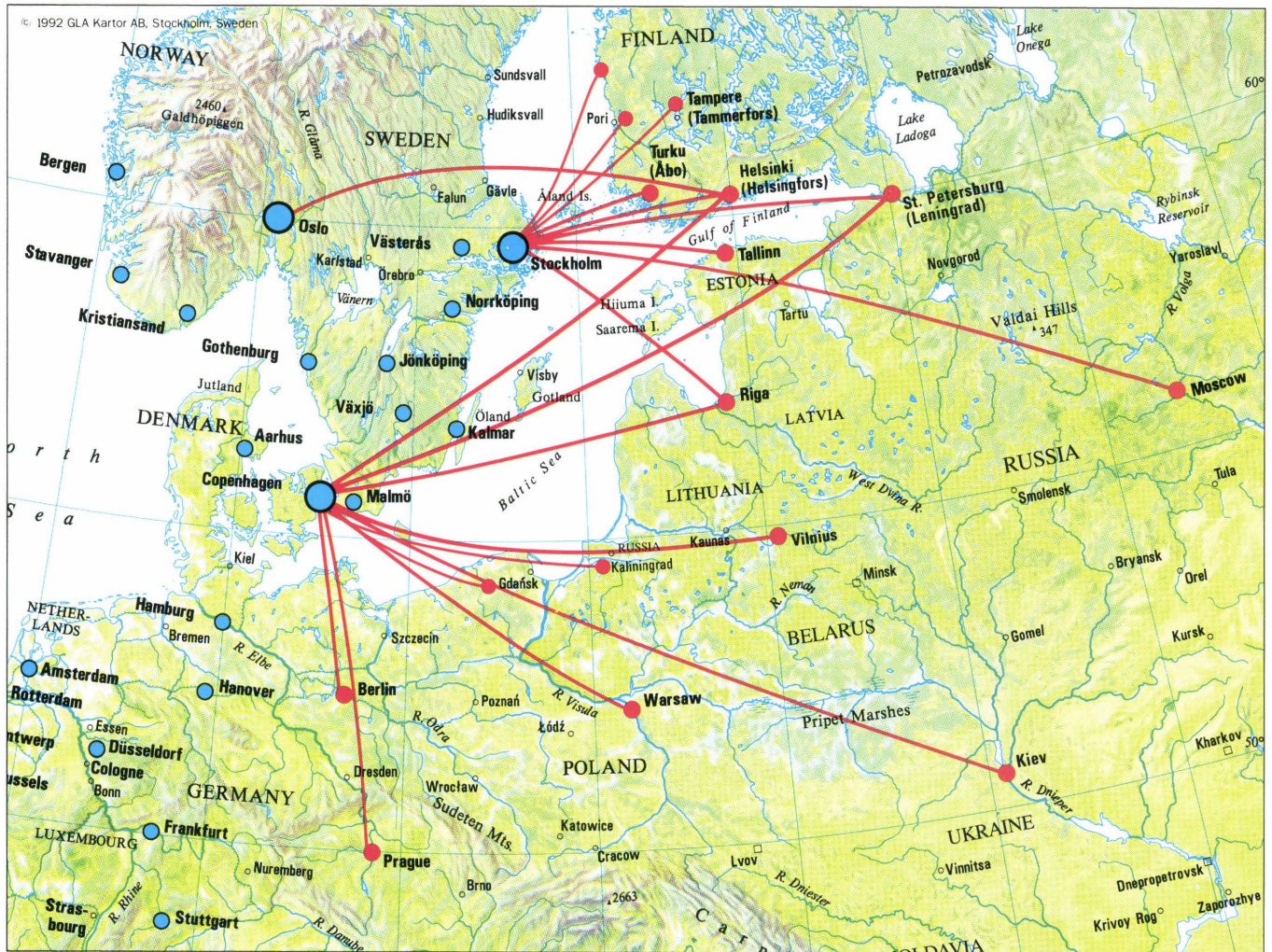
July/August 1994

What's Cooking in Europe?



**Challenging
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SCANDINAVIAN AIRLINES

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MAGAZINE OF THE EUROPEAN UNION



20



32



26

GERMANY

Head to Head. It appears to be a close race as Helmut Kohl and Rudolf Scharping head toward Germany's October elections. *Elizabeth Pond* 6

Interview. Rudolf Scharping, opposition leader and a candidate for chancellor, speaks out about Germany's future. 10

Man of the Center. Helmut Kohl sees Germany coming out of recession and his popularity rising in the polls. *Wanda Menke-Glückert* 13

From the Heart of Europe. Germany assumes the EU Presidency looking to link East and West. *Lionel Barber* 14

BUSINESS

Investing in Germany. As the recession wanes, Germany offers some interesting investment opportunities. *James D. Spellman* 18

European Winemaking. Europe's billion dollar industry confronts new challenges. *James D. Spellman* 20

What's Up Herr Doc. Bugs Bunny and company is headed for a new Warner Bros. theme park in Germany. *Elisabeth Farrell* 30

EUROPEAN POLITICS

Looking for Mr. Europe. European leaders are searching for a successor to outgoing Commission President Jacques Delors. *Lionel Barber* 34

The Results Are In. Profiling the European Parliament Elections. *Alan Osborn* 36

TRAVEL

What's Cooking in Europe. A tour of Europe's cooking schools. *Elisabeth Farrell* 26

Hamburg. Germany's second largest city offers lots of surprises. *Kenneth Asch* 32

DEPARTMENTS

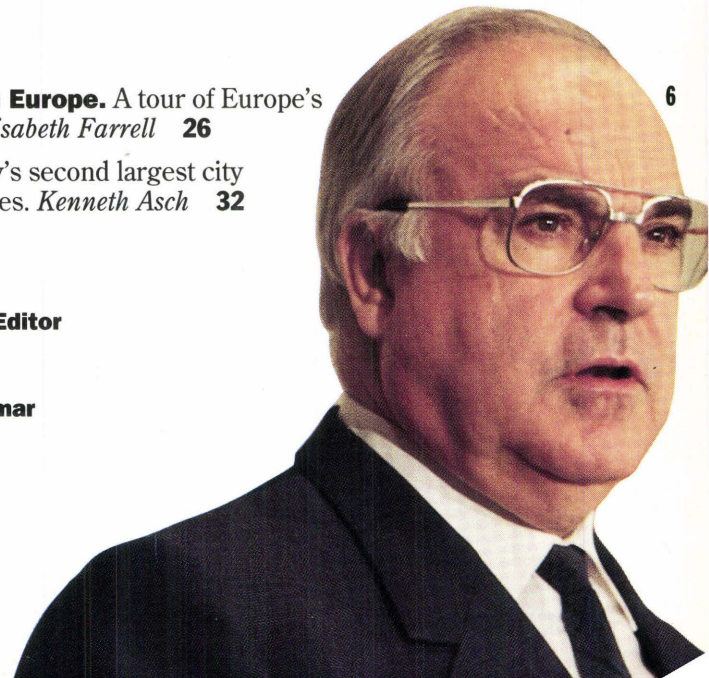
2 Letter from the Editor

4 Eye on the EU

37 Letter from Weimar

37 Capitals

46 Arts & Leisure



6

Letter from the Editor

Jean Monnet has been called Mr. Europe, and Jacques Delors, who will be leaving his job as president of the European Commission in December, has also earned the title for his outstanding work during his last 10 years in Brussels.

And now with the upcoming selection of a new President of the European Commission, the title of Mr. Europe will automatically pass to Mr. Delors' successor.

Delors' successor will take over his new position in January and will lead an expanded EU into the 21st century. *EUROPE* looks at the recent EU summit in Corfu and mentions the possible candidates for the top position at the European Commission.

The new European Commission President will not be the only new name in European politics. The new European Parliament was elected in June. *EUROPE* looks at the new members of the European Parliament and the issues they will be facing in the next couple of years.

Germany is in the midst of an intense political campaign which will culminate on October 16th in the choosing of a new chancellor. Current Chancellor Helmut Kohl, head of the Christian Democratic Union, is being opposed by Rudolf Scharping, leader of the Social Democratic Party.

Current opinion polls show Scharping with a very slight lead over Kohl, but Kohl appears to be riding the crest of an improving economy, and the CDU did well in the recent European Parliament elections.

EUROPE presents an exclusive interview with Rudolf Scharping, who has been compared to President Bill Clinton by many political analysts in Germany. Scharping speaks out on his similarities to Clinton, his views on NATO, US-German relations, Germany and the EU, and ways to improve the German economy.

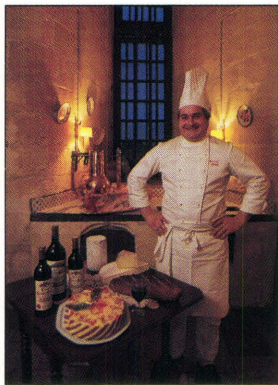
EUROPE also presents a profile of the new German President. Roman Herzog, a former Chief Justice, replaces the popular Richard von Weizsäcker who "was perhaps the most activist of all the Federal Republic's presidents during his 10 years of service that just ended."

Lionel Barber discusses German foreign policy and Germany's objectives as they take over the rotating presidency of the European Union beginning July 1. Axel Krause looks at the "alliance within the Alliance" as he forecasts the future of the Bonn-Paris relationship.

Wine is big business in Europe. James Spellman presents an overview of the European wine industry, and our correspondents in France and Spain look at their respective wine industries.

Elisabeth Farrell's article reveals what's cooking in Europe by looking at the large number of cooking schools available for American gourmets this summer.

Travel destinations in this issue include Hamburg and Weimar. And finally, *EUROPE* catches up with the new Warner Bros. theme park as Bugs Bunny moves to Deutschland.



European cooking schools have long been a popular travel destination.

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Robert J. Guttman
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— Michel de Montaigne

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The European Press Survey

EYE ON THE EU

A toss of the coin prevented Brian Crowe from returning to Brussels in 1990. He had been nominated by the British government to head the EU's secretariat responsible for foreign policy cooperation between the member states. Yet when it was put to a vote in the Council of Ministers, there was a 6-6 tie with a Belgian diplomat, Pierre Champenois. It was Champenois who won the toss.

Now Crowe, aged 56 has taken over the most senior position of Director-General responsible for all foreign policy issues, including the EU's Common Foreign and Security Policy (CFSP), under the Maastricht Treaty. Champenois is now one of his two deputies, and Crowe, an amiable and shrewd British diplomat, has set up shop on the thirteenth floor of the Charlemagne Building, the headquarters of the Council of Ministers.

Diplomacy is in his blood. He is the fourth generation in his family to join the foreign office, and his grandfather, the famous Sir Eyre Crowe, was a dominant figure at the Versailles peace conference after World War I. Crowe is happy to be back in Brussels, where he much enjoyed his previous stint in 1978-81 as Head of Chancery at the UK mission.

Although a very British character, Crowe says that he might just as easily have developed into either a South African or an American. Between the ages of 3 and 10 he

was at school in South Africa, where his father was posted, and he says "I was a very South African little boy with an accent I got rid of rather quickly when I left." This was in 1948, just before the Nationalists came to power with their *Apartheid* program. He then went to Frankfurt, where his father, the British Consul-General, died suddenly at

This cool-headed, experienced diplomat, with his staff of around 50 administrators, seems well qualified to put some flesh on the bare bones of a common EU policy.

the age of 47. "My mother was an American," he says, "and might easily have taken me back to the States. But she decided to go to England, and so I became British instead of American."

After 'public' school and Oxford, Crowe entered the diplomatic service, mainly he says, because no other good opportunity presented itself rather than because of any strong conviction. He doesn't regret the decision. "In many respects it's been a rewarding life, in others a difficult one."

The difficulties have largely affected his wife, Virginia Willis, a fellow Oxford graduate, who was working

as a Library Clerk in the House of Commons when they married in 1969. Crowe clearly has something of a bad conscience that the demands of the diplomatic life have prevented her from developing a proper career, though she has been able to utilize her skills as a writer and researcher.

During their previous time in Brussels, she published a highly regarded study of British officials working for the EU, entitled *Britons in Brussels*. This showed that, except at the most senior levels, the British were seriously under-represented in administrative posts in the Commission. Her findings led to strenuous efforts by the British government to ensure that able candidates presented themselves in larger numbers.

Crowe has had what he describes as a "fairly normal foreign service career," involving postings in Moscow, Washington (twice), and Bonn, interspersed with periods in London, mostly concerned with European affairs. His last foreign posting was as Ambassador to Vienna, where he was also involved, under Lord Carrington, in the early and abortive attempts to negotiate a peace settlement in Yugoslavia.

He led the British delegation to the Conference on Cooperation and Security in Europe (CSCE), and it was in this capacity that he was present in Paris on the fateful evening in November 1990 when Margaret Thatcher heard that she had failed to

clinch the first ballot in the Tory leadership election. She was not, he recalls, "in the best of moods" at the glittering banquet at Versailles which President Mitterrand hosted later the same evening.

The most dramatic event in his career came in 1967 when, at two days notice, he was sent to Aden to help organize a British withdrawal in the face of an urban guerilla uprising. "It was not one of the more glorious episodes of decolonization," he dryly recalls, "the country, which became South Yemen, has been more or less in turmoil ever since."

There has been some criticism that Crowe's appointment did not take effect until five months after Maastricht came into force. After the disappointing failure to implement a strong common EU line on former Yugoslavia, firm direction was sorely needed, it was argued, in order that further attempts to implement a common foreign and security policy did not go off half-cocked.

In fact, CFSP has started off on a low-key, with South Africa, the Middle East peace process, and Ukraine identified as areas for common action. This cool-headed, experienced diplomat, with his staff of around 50 administrators, seems well qualified to put some flesh on the bare bones of a common EU policy. The success or failure of the CFSP will depend to a considerable extent on his efforts, though even more important will be the extent to which the member states are determined to make it work.

—Dick Leonard



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Rudolf Scharping and Helmut Kohl will face each other in Germany's October elections.



The suspense is building over the upcoming 1994 elections. Is Bonn's traditional center-right party power base about to shift?

Head to Head

By Elizabeth Pond

ACCORDING TO OPINION POLLS, AFTER 14 YEARS IN POWER, Bonn's center-right government had looked set to lose in October. Yet increasingly optimistic conservatives and increasingly pessimistic Social Democrats now doubt this scenario. The German results in the European Parliament elections reinforced this doubt.

If Christian Democratic Chancellor Helmut Kohl does lose, it will be the first time in the Federal Republic's almost half century that the government has changed hands because of an election. In this two and a half party consensus system the more usual process is a shift of coalition at mid-term.

Some commentators see the Italian phenomenon of the breakup of old rigidities with the end of the cold war. Others say that unification upset the stability that Germans cherish, producing disorientation. Still others attribute the mutation simply to a surfeit of consensus in which both main parties solicit votes in the center and end up looking indistinguishable.

Whatever the causes, malaise has gone so far that it has even acquired its own bulky



name—*Politikverdrossenheit*, literally, “sulkiness about politics.”

The manifestations of this syndrome are a low turnout for elections and erosion of long-time party allegiances. Only 78 percent voted in the last general election in 1990—far better than the American record, but far worse than the 89 percent that fulfilled their civic duty in 1983. Only 82 percent now say they will vote for the mainstream conservative, Social Democratic, and Liberal parties, down from 88 percent as recently as 1990. Part of this slippage is going to the ecological Greens, who entered Parliament for the first time a decade ago. The Greens should come back strongly after 1990 when they just missed getting the 5 percent minimum of votes needed to gain a seat in Parliament. But an additional 10 percent or more of disgruntled voters are threatening to fritter away their ballots on fringe parties.

The suspense is building over this year's 19 state, local, federal, and European elections. The votes that have already been held yield few reliable clues about the culminating October 16 general election. In each case so far the local or protest element has been too strong to suggest broader trends.

What is clear is that there is only one issue in the campaign—the economy. More specifically, the issue is unemployment as structural changes, including the collapse of East German industry and West Germany's most serious recession since World War II,

have pushed the number of jobless up to 4 million, with another 1.5 million in training or make-work slots. Almost 80 percent in the East (where official unemployment is 17 percent) and almost 60 percent in the West (unemployment 8.5 percent), identify lack of jobs as the main problem.

Runner-up issues, by contrast, register less than 30 percent on the worry scale. European integration—despite its depiction as a bogeyman by the new Free Citizens' party and, on bad days, Kohl's Bavarian partner, the Christian Social Union—is taken as a given, even by those who resist surrendering their “beloved Deutsche mark” to eventual monetary union. More surprisingly, perhaps, the influx of foreigners now troubles only some 25 percent, despite the fact that Germany still takes in more foreigners than other EU members combined, and its 8 percent alien population is now greater than France's. The fading of this phobia after Germany tightened its regulation on asylum-seekers last summer (and halved the number of incoming refugees) went far to push the xenophobic right wing Republikaner below the 5 percent minimum.

The fixation on economics should favor Helmut Kohl. The Christian Democratic Union (CDU) and Christian Social Union (CSU), along with the coalition's junior partner of 14 years,

the Free Democratic (Liberal) Party, are generally trusted as the better economic managers. Recovery, however sluggish, is beginning to reduce voters' frustrations with the government. Moreover, the opposition Social Democratic Party (SPD) is perceived as less effective at wealth creation than wealth redistribution. SPD candidate Rudolf Scharping's honesty in talking about taxing those who are “better off” leaves much of the middle class fearing that the Social Democrats deem them “better off.”

The joker in the campaign could be foreign policy. The Social Democrats' nightmare

What is clear is that there is only one issue in the campaign—the economy.

is that Vladimir Zhirinovskiy will lose the election for them by stimulating threats to Russia's neighbors. Any crisis to the east would probably turn jittery voters back to the familiar Kohl, the man of experience who successfully steered unification through all the shoals.

Barring foreign crisis, surveys now put Kohl's conservatives at 38 percent, the Social Democrats at 39 percent, the Free Democrats at a dangerous borderline 5 percent, the Greens at 8 percent, and the Republikaner and Party of Democratic Socialism (the East German ex-Communist Party) at 3 percent or 4 percent each, according to findings by the Mannheim Elections Research Group in May.

Yet there are two traps for the Social Democrats—potential snares that go beyond their old propensity to hurt themselves by factional feuds and to underestimate the consummate politician Helmut Kohl. The first is the unusually high percentage of “undecideds,” some 30 percent. Christian

Democrat strategists say these undecideds incline more to the conservatives; the trick is to mobilize them to vote. Moreover, as the economy continues to improve, the old pattern of increasing preference for the traditional parties as election day nears appears to be reemerging.

The second difficulty—if real votes do follow advance polls—will come in constructing a coalition. Scharping's own preference would be for the Liberals to desert the conservatives and return to their 1970s alliance with the Social Democrats on a federal level (as they have already done in the state of Rhineland-Palatinate, where he is premier) in a cleaner center-left government. These two parties, however, are

unlikely to win an outright majority of seats—especially if the Party of Democratic Socialism wins three direct mandates and could thus claim its full 3 percent of seats in the Bundestag.

Nor can German politicians imagine at the federal level any of the solutions that have been tried at the state level: an SPD-Green coalition with or without the Liberals (ruled out because of the Greens' wish to disband NATO and close down nuclear power plants), or a "tolerated" minority government.

Until recently most crystal balls have foreseen an unhappy "grand coalition" of both major parties, with the Liberals and the Greens in ineffectual opposition—and with a corresponding increase in the appeal of far right and

far left radicals. If so—and if the SPD slightly outnumbers the CDU—the expectation is that Scharping would take over the chancellery.

In the dissenting crystal ball, that of the optimistic conservatives and pessimistic Social Democrats, Kohl would still win a slim majority and stay on as chancellor. If so, however, he would probably face a two-thirds Social Democratic majority in the Bundesrat of state representatives.

Either way, Germany's famed consensus should be put to the test. ☹

Elizabeth Pond is the author of Beyond the Wall: Germany's Road to Unification published recently by Twentieth Century Fund. She lives in Bonn.

ROMAN HERZOG, THE new German president, has made the rare leap from chief justice to chief of state.

He qualified for the promotion not only because of his reputation for integrity, but also because he was the right man in the right place when Christian Democrat Chancellor Helmut Kohl needed a new candidate for head of state.

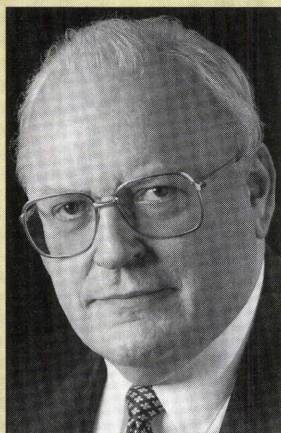
Originally, Chancellor Kohl wanted to propose an East German to the first presidential assembly to convene since unification. He chose Steffan Heitmann, Saxony's Justice Minister and an undisputed resister of Communist rule in the old German Democratic Republic. Political neophyte Heitmann was outspoken, however, in expressing

views that to Western ears sounded anti-foreign, anti-feminist, and too ready to forget the Germans' nasty past. Kohl was forced to retreat and instead nominated Herzog, a man who was suitably non-controversial, yet suitably conservative.

If being second choice bothers Herzog, he shows no sign of it. He comes from the solid democratic and legal tradition of postwar West Germany. He performs his civic duty. His opinions reflect today's liberal consensus and the stress on social justice that has marked German conservatism since Bismarck.

Just how Herzog will shape the very personal job of German president remains an open question. He has said he intends to be "political" (and not just judicious). But what that will mean concretely for the country's top non-partisan job as representative of all the people is not yet clear.

From Justice to Chief of State



Roman Herzog, the new President of Germany, focuses on a new set of responsibilities.

His graceful predecessor, Richard von Weizsäcker, was perhaps the most activist of all the Federal Republic's presidents during his 10 years of service that ended in May. He used the bully pulpit effectively, most memorably in 1985 in his articulation of the Germans' continuing special "responsibility" because of the Holocaust.

Herzog acknowledges freely that von Weizsäcker is a hard act to follow. He displays no lack of confidence that he will live up to the challenge, though. When asked by one television talk-show host if he were "cold" and lacked human warmth, he instantly denied the allegation—then, lest he seem frivolous, added, "But I am aware of my own worth."

His favorite poet is Rilke. He inclines to a broad interpretation of press freedom. He supports the Maastricht Treaty, in part because European integration saves Eastern Europe from becoming a sphere of disruptive German influence as in the past.

In debate, Herzog eschews the passion of grand ideas. He avoids generalizations, defines differences narrowly and dryly, then dissects them with precision. The one broad hope he allowed himself in a long interview with the liberal weekly *Die Zeit* before his election was that the "centrifugal" pluralist forces of the creative individual might be held in balance by the "centripetal" forces that unite a society and allow it to function.

With this desire for equilibrium and consensus, Roman Herzog is just the sort of president Germans should feel comfortable with.

—Elizabeth Pond

The unexpected challenger for the top political job in the country is a democratic governor of a small southern state. Sound familiar? This time, however, the southern state is Rhineland Palatinate and not Arkansas, and the country is Germany rather than the US. Nevertheless, Rudolf Scharping, the leader of the Social Democrats, never tires of comparing his candidacy for Germany's chancellorship with Bill Clinton's successful presidential run in 1992. Like Clinton, Scharping likes a bit of sport in his off hours, even if it's cycling rather than jogging. He too, after his party's long years in the wilderness of opposition, is disciplining his left wing so as not to scare off middle class voters.

Christian Democratic Chancellor Helmut Kohl takes his young rival very seriously. Scharping, after all, wrested from the conservatives the premiership in Rhineland-Palatinate that Kohl himself held a generation ago. And the usually unsentimental Kohl is even said to see a rerun of his own life story in the struggle by Scharping to assert himself in the national arena over politicians from the more powerful and sophisticated larger states.

Opinion polls suggest that Kohl is right to worry about that

earnest, reassuring fellow who has won the title of "everyone's favorite son-in-law." Although the gap has narrowed recently, Scharping has for months led the battle-scarred Kohl in popular preference. His presentable but confrontational (and non-charismatic) style and his lack of enemies work to his advantage.

Scharping would be the first to point out, however, that parliamentary majorities are not won by personalities. He puts much more stress on his Clinton-like strategy of presenting the non-threatening, centrist face of his party. Indeed, he often sounds—to the distress of his left wing—as if there would be no iota of change in either domestic or foreign policy should the Social Democrats come to power next October.

This tactic has already made his party a serious contender for the chancellery for the first time since it repudiated its own centrist Chancellor Helmut Schmidt for a more leftist course 12 years ago.

Yet Scharping faces a dilemma. If he looks enough like the Christian Democrats not to frighten all those voters who crave stability and predictability, why should they select him over Kohl?

Rudolf Scharping

Is He Germany's Bill Clinton?



Scharping must hope that German voters answer that question in much the same way as the American voters who elected Bill Clinton.

—Elizabeth Pond

Rudolf Scharping is the 46 year old prime minister of Rhineland-Palatinate and the leader of the opposition Social Democratic Party (SPD). Looking toward the October Bundestag elections, he speaks candidly to EUROPE in an exclusive interview about his campaign to become Germany's next chancellor.

Many people would say you have almost no differences with Mr. Kohl on foreign policy. Could you explain on what foreign policy issues you have different opinions than Mr. Kohl?

Since the 1970s, the fundamental orientation of German foreign policy between the large parties is no longer a source of controversy. Distinct differences can be expected, however, in the emphasis placed on various issues by a social democratic chancellor compared to that of the current government. For example, with respect to the conviction that foreign policy today is more and more determined by economic policy and that competition between nations revolves more around markets than around zones of influence. In the framework of German-American friendship, the economic area needs intensification, particularly as the US is technologically and ecologically ahead of us in many essential areas. The German government has, in my view, missed out on too many opportunities for closer cooperation with the Clinton administration. The G7 summits also need to regain greater substance. And finally, the solution of global problems such as development, hunger, population explosion, and environmental destruction must be given a palpably higher priority in foreign policy.

What is your policy toward the European Union? Will Germany remain a strong supporter of the EU?

In no important area of politics can problems still be solved solely in a national framework. If we want to successfully combat unemployment, maintain social security, promote environmental protection, and fight organized crime, we must do it across Europe. We must

go forward with the political unity of Europe. This can only be achieved if the citizens adopt this "Project Europe" as their own business. Europe can no longer be associated with bureaucracy and remoteness from real life. Europe is foremost a guarantor of peace and economic and social stability. Its founding fathers could hardly have envisioned such a development. In order to further develop these qualities in the face of new challenges, Europe must be even more strongly anchored in democracy. Therefore we need the European Parliament, but also more opportunities for people to contribute, with and within their regions, to the continued construction of Europe.

Do you favor a single currency for Europe and if so would you be willing to exchange the D-mark for the ecu?

The SPD wants a single European currency. To this end, however, the convergence criteria for acceptance into the currency union, which were agreed upon in the treaty on European Union (Maastricht Treaty), must be firmly adhered to. We will make our final agreement for entry into the last stage of the currency union dependent on the maintenance of these economic stability criteria. A strict conformity to the convergence criteria is the basis for a stable currency and therefore takes precedence for us over the adherence to an inflexible schedule. The stability of a common European currency is in the final analysis in the interests of all partner countries in the European Union.

If Europe establishes a central bank—a Euro-Fed—what will be the role of the Bundesbank?

The provisions in the Maastricht Treaty for a European Central Bank are modeled closely after the laws and regulations for the Bundesbank (*Bundesbankgesetz*). According to these provisions, the role of the Bundesbank will be similar to that of the state central banks (*Landeszentralbanken*) in Germany. Monetary policy is decided solely by the Euro-Fed and the national reserve banks have the role to implement these decisions. The "Board" of the European Central Bank, which oversees the formulation of monetary policy, is comprised of one representa-

tive from each national central bank. This system has maintained monetary stability in Germany.

Does NATO still have a role in the post cold war era? What are your views on NATO?

NATO is and remains an essential factor in the process of European integration and contributes to reducing the risk of renationalization of security policy. Therefore, the United States must continue to be an integral part of European security. The "Partnership for Peace" will eventually broaden cooperation and security to the East.

Will you do anything to stop the spread of right wing violence in Germany? How serious is the problem of right wing violence in Germany today?

The acts of violence by right wing extremists are a disgrace for Germany. In a country with our history, blatant right wing extremist violence must make all alarm bells ring. We expect from law enforcement and the justice system that they investigate and prosecute such criminal acts with all the strength of the law. At the same time, this problem represents a challenge for all citizens. Democracy cannot be defended by passivity and by looking the other way. Right wing extremism must also be fought with determination in the political arena. This means removing the basis for escalation of right wing extremist violence. Battling unemployment must therefore be the central focus of all political action so that the people in Germany, in particular the youth, can develop a promising outlook for their lives. Whoever is sensitive to historical experience knows that there is a connection between disillusioned ideals, frustrated hopes, and aggression. The federal government must turn itself to the question of its responsibility for this development. Even more so because certain elements of the union (CDU/CSU) do not seek a political confrontation with the right wing extremists but instead attempt to ensure through nationalistic assertions the electoral potential of the extreme right.

What new proposals would you put forward to end the war in Bosnia? Should German troops ever be used outside your

own borders for peacekeeping missions?

Germany is a member of the European Union and the United Nations and strives, together with all of its partners, to bring about the end of the war in the former Yugoslavia through political and humanitarian measures. The SPD is convinced that the conflicting parties, together with the United Nations, must find a way to come to a political solution for this problem through a military cease fire.

The SPD stands by all obligations that Germany assumed when it became a member of the United Nations. We support a strengthening of the United Nations and are prepared with all our power to participate in this effort. To this belongs also the support of peacekeeping and humanitarian Blue Helmet measures of the United Nations by the Bundeswehr. Blue Helmets have a mission to accomplish—and this includes the right to self defense and mission defense. Where necessary, aggressive states must be blocked, even militarily.

You often compare yourself to President Bill Clinton. In what ways do you feel you are similar to President Clinton?

This comparison does not stem from me, but from political observers. It is true that in Germany, just as in the United States, many people are convinced that the time for change has come. The current government has run out of gas, and no longer has the strength to meet the challenges of the future.

Could you briefly explain the SPD platform for “putting people first” as you mentioned in your April 12th remarks in Washington, DC?

Every policy must try to make the daily lives of people easier and more worthwhile, in particular for those who do not live on the sunny side of the street. The single mother who cannot find an affordable place to live with her children; the unemployed father of a family who does not know how he will pay the next electric bill; or the chil-

dren who cannot participate in a school trip because the welfare payments are too small to cover such an expense—these people deserve help and solidarity. However, a coalition of the weak is not enough to solve these problems.

We need a coalition of the strong together with the weak if we want to realize a future worth living for all. Therefore, we solicit the support of all citizens for our concept of economic, social, and ecological modernization of Germany on the basis of solid finances. In addition, we encourage and support the initiative of the youth, of the elite,

“Since the political division of our continent has come to an end, the task is now to overcome Europe’s societal, economic, and cultural divisions.”

and of the conscientious entrepreneur.

What is the SPD relationship to the Green Party, and what programs of the Greens do you support?

The Greens are a political opponent of the SPD, just as all other parties are too. Environmental protection and the ecological transformation of our industrialized society has long been a central pillar of social democratic policy. In contrast to the illusionary perceptions of the Greens, the SPD offers sensible suggestions for reform in this area.

What is the role of Germany and the other EU countries in helping Russia in its transformation to democracy and a market economy?

The stabilization and further development of the democratization process in Russia is globally, and particularly for Europe, of great importance. The German-Russian relationship, just like that between other G7 countries and Russia, can still develop, particularly in the area of economic cooperation. This depends not primarily on the transfer of money, but increasingly on a close co-

operation through the exchange of knowledge, experience, and know-how.

To this end, the participation of Russia in the political determination process in the framework of the G7 is a first step, after which others must follow. This goes for the international trade agreements, as well as for the inclusion of Russia in questions of economic relations, arms control, or weapons proliferation.

Will you encourage more German investment in Central and Eastern Europe? Do you favor Poland, the Czech Republic, and Hungary joining the EU in the near future?

Since the political division of our continent has come to an end, the task is now to overcome Europe’s societal, economic, and cultural divisions. Working from the basis of its solid integration in the European Union and NATO, Germany has a special responsibility as an essential trading partner of the so called Visegrad states to ease the process of their integration into the rest of Europe. This is also based on the experience that democracy in Portugal, Spain, and Greece was made more secure through their entry into the European Community. Therefore, the Visegrad states need a solid perspective in the future and a foreseeable time frame on which they can base their policy. A hasty admission, however, would be of interest neither to these countries nor to Europe as a whole, because it would further widen the gaps in standard of living within the Union. We experience the consequences of a hasty integration in Germany everyday.

Who are your political role models?

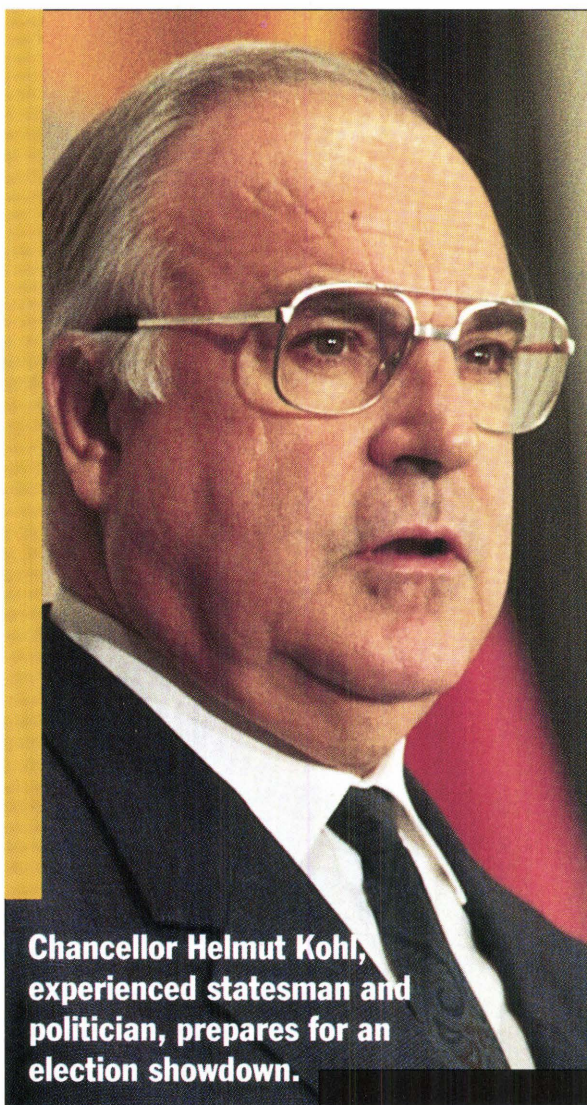
Public fixation on political role models always holds the danger of reinforcing clichés, which are plentiful enough as it is. I see it as my task to set clear political goals and to win political majorities for their realization. In my youth, John F. Kennedy, Martin Luther King Jr., and Willy Brandt filled me with enthusiasm. Today I strive to inspire people and to encourage them to build a new society, economically strong, free, and just, while being respectful to nature and the environment. It is only in this way that peace on our only earth can gain strength and that freedom can flourish. ☺

Man of the Center

"EVER SINCE I CAN REMEMBER, people have been predicting my imminent political demise. Once it made me angry, later it amused me, now I simply ignore it," says Helmut Kohl, who has been chancellor for more than 11 years and the leader of the Christian Democrats for 20 years. His opponents have underestimated him from the very beginning and they continue to do so. This is one reason for his remarkable political longevity. He has always had a nose for what people are beefing about at the bar. Critics say that his nose for politics is no longer what it was. But Kohl remains confident and optimistic. He admits that his Christian Democrats (CDU) suffered a "bitter and painful defeat" on March 13 in the state of Lower Saxony, the first of 18 polls in Germany this year, but he insists he is not worried about his re-election in the federal showdown on October 16.

The Chancellor, 63, is a man of the center. Within it, he moves with a blind assurance. He is a shrewd mixture of a caring national father full of life and a sharp defender of citizens' values, but at times he is equally a biting critic full of contempt for the "socialist grumblers." "The Socialists are good at poisoning the mood in the country," he thunders at party rallies, accusing his political opponents of having given up on German unification. Kohl admits that he has underestimated the economic situation in the East and that his prophesy of "blossoming landscapes" in the former East Germany will take longer than he had first thought. "I didn't think—and who did among the critics—that the Soviet Union would collapse so suddenly," he has said. In the summer of 1990 he and Gorbachev were expecting a trade volume with the Soviet Union of \$11.6 billion on which the East German economy depended. But it amounted to only \$2.3 billion. "Yes, we made mistakes, but we never gave up on German unity," Kohl emphasizes.

Kohl is highly motivated and determined to fight for every vote. He will,



Chancellor Helmut Kohl, experienced statesman and politician, prepares for an election showdown.

he says, campaign in all the eastern German towns where in 1990 he promised "blossoming landscapes" within four years and tell the people that he has made a mistake, that reconstruction will take eight or ten years. But he will emphasize the achievement of German unity. Meantime, he is telling western Germans that Germany's economic problems were not caused by the \$100 billion a year cost of unification, but wage and welfare benefits that have reached such high levels that German products are no longer competitive on world markets. "We

have lived beyond our means," he says.

Kohl's self assurance and optimism are his capital. But the veteran chancellor knows only too well that the economy will decide the outcome of the elections. He and his irrepressibly optimistic economics minister, Günter

Rexrodt have been telling Germans for some time that spring-time has come after a period of winter gloom, with the sharpest downturn in gross domestic product since the war—a drop of 1.9 percent in 1993. At the end of April, five of the country's independent economic research institutes came out in support of the politicians' optimistic forecasts. The economic institutes expect a slow but steady recovery of 1.5 percent in the all-German gross domestic product this year. The bitter pill, however, is that growth does not automatically mean more jobs, and the grim promise of almost 4 million unemployed is expected to linger all year.

"Kohl's popularity is steadily catching up with that of his challenger, Rudolf Scharping, as economic recovery gathers pace in Germany," says pollster Renate Köcher, of the Allensback Institute, "People believe they have gotten over the worst of the recession and this change of mood improves the situation for the government." Köcher said the upswing in voter confidence was especially marked in eastern Germany, where 67 percent said they could see signs of economic recovery around them. A full 61 percent considered themselves "winners" after Germany's unification in 1990 while only 25 percent saw themselves as "losers." According to opinion polls, Kohl is gaining back lost ground. But opinion polls don't interest Kohl, "I'm going to win," he says. ☺

—Wanda Menke-Gluckert

From the Heart of Europe

By **Lionel Barber**

GERMANY LIES AT THE GEOGRAPHIC, ECONOMIC, AND POLITICAL HEART of Europe, a position which gives it a natural leadership role in shaping the affairs of the continent.

But as Germany takes over the rotating presidency of the European Union on July 1, there is uncertainty about whether the Bonn government will be willing or able to deliver the dynamism which the Union needs.

The immediate reason is the distraction of the upcoming general election campaign. But the doubts also reflect an ambivalence toward German power among Europeans, an ambivalence no less shared by Germans themselves. "Most of my people would be happy if Germany turned into a larger version of Switzerland," says a senior German diplomat in Brussels, only half-joking.

However tempting, the arguments in favor of German passivity are unrealistic and potentially dangerous. Since the fall of the Berlin Wall in 1989, it has become increasingly clear that Germany's agenda has turned into Europe's agenda: how to extend the zone of Western stability to its Eastern neighbors; how to deepen its integration with its Western

As Germany assumes its presidency of the EU its role as a leader in both the Eastern and Western spheres is being examined.



For both security and economic reasons, Germany wants to strengthen the emerging democracies in Central Europe.

neighbors, particularly France; and how to breathe fresh vigor into the European economy.

Robert Zoellick, former deputy White House chief of staff, spelled out the implications in a recent article in *Die Zeit*, the weekly German newspaper: "The end of the cold war has created a need for Germany to undertake a major shift in strategic perspective. For the past 45 years, the primary objective of Germany's foreign policy has been to integrate Germany into the West...it's primary challenge over the next four (decades) will be to reach out to the East."

What does this mean in practice? Diplomats in Bonn and Brussels believe that the overarching goal should be to overcome the artificial economic division between East and West and build a new political order whose focal point would be the European Union. The policy would have several components.

- The progressive eastward expansion of the Union. The logical step would be to embrace Hungary, Poland, the Czech Republic, and possibly Slovakia and Slovenia, as well as Estonia, Latvia, and Lithuania.

- A strategic partnership between the EU and Russia which would encourage economic reform, acknowledge Moscow's status as a great power, and dampen Russian fears of Western encirclement while maintaining NATO's primary role as the guarantor of the peace in Western Europe.

- A closer relationship with Ukraine based on Kiev's acceptance that this must be tied to economic reform and nuclear disarmament—with the ultimate goal being Russia's willingness to accept Ukrainian independence.

- The fastest possible introduction of free trade between the European Union and the emerging democracies in Central and Eastern Europe. Many barriers have come down, but the West Europeans still discriminate against goods such as steel, agriculture, and textiles where the East Europeans have a competitive advantage.

Germany's interest in strengthening the emerging democracies in Central Europe as "buffer states" is obvious. Without such an eastward expansion of the EU, Germany risks remaining a "front line" state, always exposed to the fall-out from turmoil in the Eastern half

of Europe, according to Max Jacobsen, the distinguished Finnish commentator on foreign affairs.

"Only a gradual extension of the concept of economic, social, and political integration so successfully applied in Western Europe can promote stability and prosperity in the eastern half of Europe and thereby create a reliable and lasting basis for security of both halves," he wrote in the *International Herald Tribune*.

A German-driven tilt to the East would, however, have implications, some of which may prove unsettling to her partners in the Union.

First, a shift on these lines would alter the balance of power inside the EU, specifically the Paris-Bonn axis, which has acted as the motor for even deeper integration since the Treaty of Rome. The Franco-German relationship rested on an informal alliance between German economic power and French political leadership, but this marriage worked well as long as Bonn was the German capital and Germany was a West European power. German unification has introduced new fundamentals: There are 18 million more Germans; the

German capital will move to Berlin at the end of the decade; and Germany is now truly a European power.

French sensitivities emerged earlier this year when Germany seized the leading role in negotiations on the EU accession treaties with Austria, Finland, Norway, and Sweden. Many countries were privately grateful that Mr. Klaus Kinkel, Germany's foreign minister, had cajoled his partners and the Nordic applicants toward an agreement; but French diplomats fretted about German muscle-power and the emergence of a German bloc, prompting an unusual request by France's ambassador in Bonn for the German government to clarify its foreign policy.

Second, a genuine embrace of the East Europeans would require huge

EU sums to help the emerging democracies reform their economies in preparation for full membership. Bonn knows this better than anyone because of the experience of German unification. Yet this would require a root-and-branch reform of the EU budget, a move calculated to arouse fierce opposition among the Mediterranean beneficiaries led by Spain, Greece, and Portugal.

Third, widening would require a reform of EU institutions to adapt to a Union which could have as many as 25 members in 10 years time. Reducing the number of EU commissioners is easy. The hard part concerns voting power, specifically the right of countries to veto legislation on sensitive matters rather than succumb to a deci-

sion-making qualified majority. A related question is the relationship between a country's population and the number of votes it possesses in the Council of Ministers.

All these matters will be at the top of the agenda of the 1996 intergovernmental conference which will review the Maastricht Treaty. But a foretaste of the potential conflicts came earlier this year when the UK held the accession treaties hostage for several weeks in an attempt to secure greater power to block legislation. Germany refused to go along with UK demands, mainly because they implied a change in the voting parity with France and would reduce the efficiency of EU decision-making. But everything is up for grabs in 1996.

THE POSTWAR French-German relationship, "the alliance within the Alliance," resembles a couple married a long time, perhaps too long. Marked by a mixture of pride, satisfaction, frustration, strain, suspicion, disagreement, and occasional conflict, successive French and German governments have nurtured the relationship out of habit and because there is no obvious alternative in Europe nor a real desire for finding one.

Starting with the launch of the European Coal and Steel Community in the early 1950s, the Paris-Bonn axis has been the locomotive steadily driving European integration. But

today the relationship is being shaken and buffeted as never before by a range of stormy events—the war in Bosnia; heated debate over the European Union's future as national elections loom in Germany and France; a new EU Commission in Brussels; as well as intensifying competition between French and German industrial giants, such as Alcatel and Siemens in the field of high-speed trains, notably in Asia.

Difficult questions have surfaced. Will the newly elected government in Bonn this autumn work smoothly, as before, with a French government nearing its end after more than a decade of leadership under President François Mitterrand? After weighing the factors working against and those in favor, how then does the future look?

"Regardless as to how you come out in the end, the French-German relationship remains a fixed concept, a basic necessity, and is unique," says Robert Picht, director of the Franco-German Institute in Ludwigsburg, Germany. It was Picht, in fact, who more than a decade ago termed it the "al-

The Paris Bonn Axis

The Alliance Within the Alliance

By Axel Krause

liance within the Alliance." He adds, "Who speaks of a German-Dutch, German-Spanish, or even of a Franco-British friendship?"

Nevertheless, there are several factors working against and eroding the alliance, among them:

- Disillusionment, spawned by seemingly unrelated events. In France, rekindled fears of a "resurgent" Germany have been triggered by official calls for greater use of the German language, notably in EU gatherings; direct representation in the United Nations Security Council; a growing conviction in French intellectual and media circles that the country now mattering

most to Germany is not France, but Russia. In Germany, unflattering terms heard increasingly to describe France range from "arrogant" and "protectionist" to "untrustworthy" and "dirigiste," which surfaced in the run-up to the June 12 European Parliament elections.

- Hesitations among opposition groups over pursuing EU integration. Indeed, throughout the election campaign, several left and right wing French candidates repeated their hostility to "Brussels," to EU membership expansion to include Central European countries; to the economic power of Germany; and the closely related issues of European monetary union. In Germany, Oskar Lafontaine, who could become finance minister in a new Social Democratic government in Bonn, has openly challenged France's commitment to a strong franc and high interest rates and Bonn's reservations about the Commission's ambitious and controversial plan for multi-billion dollar infrastructure investments.

- Divergent economic recovery strategies. The French

Looking ahead to the next six months, German diplomats play down the scope for controversy over institutional questions. They disclaim rumors of a special "Eastern European" summit later this year where full membership for, say, the Czech Republic, Poland, and Hungary could be put on the table. "We will simply use the instruments of the Maastricht Treaty," says one official, "We want a normal presidency."

Similarly, German officials insist that the word "widening" must always be mentioned in the same breath as "deepening." They reaffirm the government's commitment to the path of integration set out in Maastricht: closer cooperation on immigration and justice affairs, the development of a common foreign and security policy; and the creation of

a single European currency.

In the future, Germany is likely to insist on a price for achieving these goals, particularly for giving up the D-mark, the symbol of post-war stability and prosperity, in return for a European single currency. The integration of Eastern Europe is a big priority but not the only one. Officials also stress German interest in a genuine common foreign and security policy for Europe, something which sovereignty-conscious France and the UK still find hard to swallow.

Germany's willingness to submerge its national sovereignty betrays a continuing angst about its position in Europe. In many ways, the history of Europe since Bismarck has revolved around how to deal with the

"German question." It is a story of a country unified in "blood and iron" and one which failed under Kaiser Wilhelm to find its place in the sun and which then led the world to catastrophe in World War II.

Germany cannot escape its past, but the circumstances for resolving the German question and achieving a new balance of power in Europe are more favorable than at any time over the past 150 years. Not only is democracy embedded in the former West Germany; but Germany is seeking to define a new, broader role for itself within the confines of the European Union. ☹

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government continues to pursue a heavy-handed role in national economic, regional, and local affairs, despite privatization of some leading companies and banks; state-owned Air France, the domestic airline Air Inter, and France Telecom are actively seeking more subsidies and protection. In Germany, their counterparts are being rapidly returned to private ownership, accompanied by the trade unions' relatively flexible attitudes, which contrasts sharply with determination of French unions to preserve governmental protection of key industries. German unemployment hovers around 8.5 percent compared to nearly 12 percent in France.

Among the factors reinforcing and strengthening the alliance are the following:

- German fascination with Russia is cooling fast. Despite official enthusiasm generated during a recent visit to Bonn by Russian President Boris Yeltsin, German observers are now concluding that the country's premier ally in the European area must be France. The influential weekly *Der Spiegel* concluded that after spending \$80 billion to help Yeltsin, "We haven't got much to show...there is no Bonn-Moscow axis." European analysts are convinced that once the German elections in October are over, the pendulum will swing back westward across the Rhine, even if the new chancellor is Rudolf Scharping—also a strong champion of the French-German partnership.

- Growing acceptance in policy making circles that the EU is moving toward a looser form of integration, known as "two-speed Europe," notably with regard to monetary union. Germany, France, and the Benelux countries are widely seen as being in the core group committed to monetary union and EU social reform; the UK, Italy, Portugal, and Denmark, however, are among EU members who have already expressed hesitations or negotiated opt-out clauses for participating in monetary union as well as social and foreign policy cooperation arrangements. Austria, Sweden, Norway, and Finland may also seek changes in their membership status.

- The front-running candidates for president and chancellor—Jacques Chirac and Edouard Balladur in France and Rudolf Scharping and Helmut Kohl in Germany—all appear

committed to building on the friendship, despite the obstacles and recent strains. Shortly after French Ambassador François Scherr's off-the-record comments critical of German foreign policy were published by the *Frankfurter Allgemeine Zeitung* in March, Balladur quickly sent Alain Juppé, his foreign affairs minister, to sort things out with his opposite number, Klaus Kinkel. At a news conference in Bonn, both ministers—smiling and shaking hands—played down the incident.

At the end of May, seeking to take the edge off Germany's absence at the 50th anniversary D-Day celebrations in Normandy, Kohl and Mitterrand announced a series of measures bolstering the French-German friendship during their 63rd bilateral summit meeting in the Alsatian city of Mulhouse.

The most spectacular measure was allowing German soldiers participating in the multinational army Eurocorps to march in the traditional July 14 Bastille Day parade in Paris, the first time German troops will have marched down the Champs-Élysées since World War II.

The two leaders, visibly enjoying their meeting, agreed to coordinate closely their back-to-back EU presidencies; expressed support for major EU investment projects; and for the first time publicly indicated their support for Belgian Prime Minister Jean-Luc Dehaene as Jacques Delors' successor as European Commission President.

With the approaching end of a 10 year Commission presidency under Jacques Delors, many are asking how a future French government will fare without a Frenchman in the top job in Brussels. Alain Lamassoure, Balladur's minister for European affairs, summed it up saying, "Our influence will now be exercised in a different way...we will have to rally majority views around our positions." And, he added, "exactly as we did during the GATT negotiations," while protecting European television, with German help. Concluded Robert Picht, "There is no way out of French-German cooperation." ☹

Axel Krause is a contributing editor for EUROPE and the corporate editor for the International Herald Tribune.

Investing In Germany

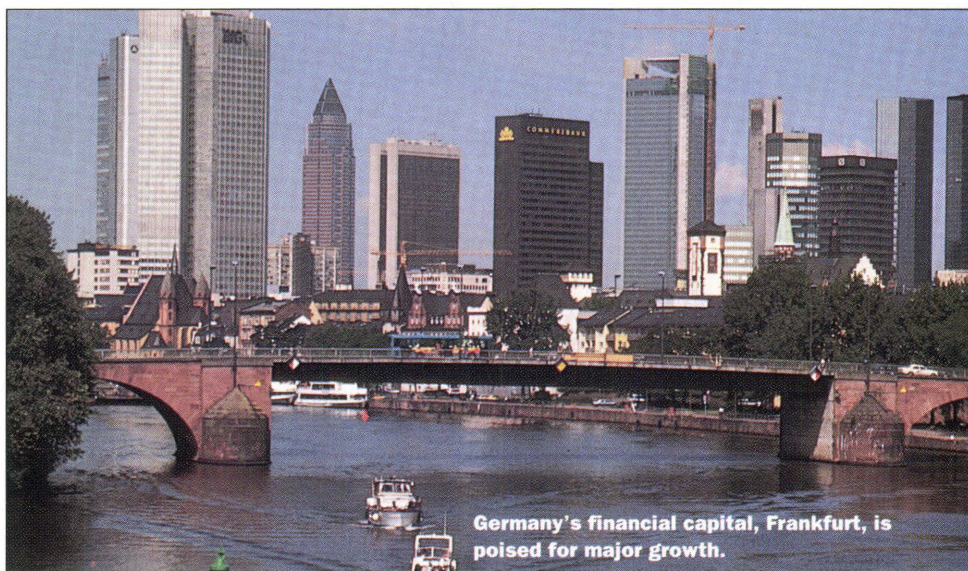
By James D. Spellman

German stocks and mutual funds offer potential rewards to the shrewd investor.

LUMBERING OUT FROM UNDER the staggering costs of reunification, Germany is poised for solid economic growth during the next few years as its industries return to being competitive powerhouses in world markets recovering now from what seemed to be an interminable recession. The steady growth, low-inflation economy that had been underway until the spring in the US is now being forecast for Germany.

That prospect—along with a series of cuts in interest rates—helped to sustain a yearlong stock market rally. Germany's stock market, as measured by one barometer, the Deutsche Aktien Index (DAX) of 30 leading stocks, climbed 2.4 percent by mid-May this year, following a 44 percent gain last year. This year's gain occurred despite a 10 percent drop in US markets. Germany's performance placed it fourth this year among stock markets within the European Union, while Italy, with a phenomenal 39.2 percent gain, led the list.

Will the rally continue? That will depend on four factors. The first is whether there will be more cuts in interest rates by the Bundesbank, Germany's central bank. Three month rates are at 5.125 percent and 10 year rates are at 6.67 percent. That is down from 8.87 percent and 7.2 percent in



Germany's financial capital, Frankfurt, is poised for major growth.

January 1993. Interest charges anticipate inflation and if the signs are clear that inflation is held in check, then rates will remain stable, at worst, but may actually continue to decline further before bottoming out.

The outlook for interest rates will pivot upon the pace of inflation, the second factor. The consumer price index is now running at 3.2 percent; last year it stood at 4 percent. The consensus among analysts is that inflation will fall below 3 percent by year-end. Optimists see inflation plummeting to 2 percent next year.

Whether inflation remains constrained will depend on the success of

wage settlements reached during the last three years. Further, employers are using flexible work hours to eliminate overtime compensation. These resulted in real decreases in wages. Personnel costs as a percentage of sales in western Germany may fall from 21.6 percent now to 19.5 percent by 1995, says Chris Kummer, an analyst with Dresdner Securities. A reduction in the wage-cost ratio by one percentage point leads to an average earning increase of 17 percent in the industrial sector. Sluggish wages, combined with increasing unemployment and higher taxes, will temper consumer spending.

The fourth factor behind the rally

will be the switch of savings from time deposits to equities. Germans have more than \$303 billion in time deposits. The flow of these funds into stocks and bonds by investors seeking higher returns could help the rally.

With the DAX trading in the 2200-2300 range in mid-May, some analysts see it rising to 2500 by year end and topping 2800 next year. Consumer cyclicals, capital-intensive, goods-producing companies and financial services firms are expected to be among the strongest performers. The optimism among German analysts is shared by US portfolio managers for institutions. In *Barron's* recent "Big Money Poll," 13 percent of the survey participants viewed Germany as the most attractive place for investments outside the US. Mexico and Japan were ranked first and second with 17 and 15 percent, respectively. Germany's third-

and household supplies, is expected to break even next year after several years of deficits. Forecast of earnings per share for Daimler-Benz in 1994 is \$19 with shares trading at \$544. Earnings are expected to double by 1996 to reach \$38 per share, and the share price is expected to appreciate to \$691 by then.

Siemens (Frankfurt: SIEG). A recent earnings surprise has generated enthusiasm for the telecommunications company. Earnings were projected to be down 10 to 15 percent, but they remained unchanged at the half-year point in the company's budget. Building on their strength in Germany, the company is very active in Eastern and Central Europe and is expected to win telephone modernization contracts when the region's economy strengthens. Earnings outlook: \$21 in 1994, \$25 in 1995, and \$30 in 1996. Stock is down about 6 percent this year, which is another reason to look at it.

Kaufhof (Frankfurt: KFHG). While the economy will have to show clear signs of expansion before retail stocks are worth holding, Kummer believes that Kaufhof is a special situation because they operate electronics and other specialty stores. With their recent purchase of another retail chain, the company is closing the gap on Karstadt, Germany's largest retailer.

Weinig (Frankfurt: WEIG). A leader in molding machines and complete production systems, which smooth and square timber. The company holds a 45 percent market share. Share price is \$406 per share. In 1993 earnings were \$8.50, while 1994 and 1995 earnings are projected at \$12 and \$15.75. Earnings are expected to peak at \$22.25 in 1997.

CLOSED-END FUNDS. Closed-end funds sell a limited number of shares and invest that set amount of capital. The share price fluctuates relative to the actual share prices of the total holdings, which change over time. Closed-end funds trade like stocks of companies on US stock markets. They differ from mutual funds, which are usually open-ended, meaning the fund's capital grows with the amount of money that it receives. Mutual funds are bought and sold through a distributor.

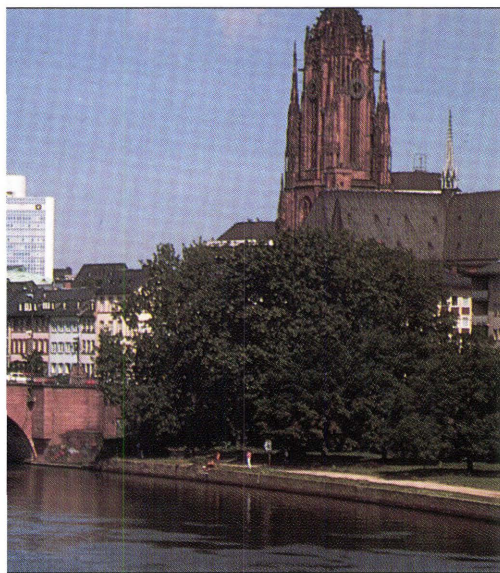
Germany Fund (NYSE: GER). Managed by John Abbink, the fund invests 93 percent of its assets in stocks, with its major holdings as of mid-May 1994 being: automobile giant Daimler-Benz (9 percent of net assets), chemicals conglomerate Hoechst (7 percent), the insurance company Allianz Holding (5 percent), the electronics and telecommunications company Siemens (4.9 percent), and Commerzbank (4.7 percent). About one-third of the equities portfolio is in industrial cyclicals and one-quarter is in financials. Performance: down 7.49 percent in 1992; up 33.98 percent in 1993; up 7.73 percent in 1994 (through April 30).

Future Germany Fund (NYSE: FGF). John Abbink developed a similar mix of funds for this newer version of the Germany Fund. Major holdings as of mid-May 1994 are: Daimler-Benz (9.77 percent); Siemens (7.95 percent); Allianz Holdings (7.69 percent); Hoechst (7.16 percent); Veba, a utilities company (5.45 percent). Performance: down 8.77 percent in 1992; up 35.62 percent in 1993; up 6.68 percent in 1994 (through April 30).

New Germany (NYSE: GF). Abbink invests about two-thirds of its funds in medium and small-sized German companies and up to one-fifth of its assets outside Germany. Key holdings as of mid-May 1994: Mannesmann (4.58 percent), Daimler-Benz (3.02 percent), Schering (3.53 percent), a pharmaceuticals manufacturer; and SAP (3.16 percent), an electric utility. Performance: down 11.43 percent in 1992; up 30.49 in 1993; up 9.33 percent in 1994 (through April 30).

Emerging Germany Fund (NYSE: FRG). About 20 percent of the fund's assets are in financials, a quarter in industrial cyclicals and 13.8 percent in consumer durables. Major holdings as of year-end 1993: Deutsche Bank (4.4 percent), Bayerische Vereinsbank (4.27 percent), Commerzbank (4.22 percent), Siemens (4.21 percent), and BHF Bank (3.86 percent). Performance: 14.67 percent loss in 1992; up 33.15 percent in 1993; up 3.98 percent in 1994 (through April 30). **E**


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place finish, though, followed three years of second-place rankings.

STOCK PICKS. Chris Kummer, an analyst at Dresdner Securities, outlines his stock picks.

Daimler-Benz (Frankfurt: DAI). The automobile manufacturer's successful cost-cutting program will begin to pay off as demand climbs in the wake of strengthening economies in Europe and North America. Development of the "C class" model is proving to be a success, with more than 200,000 units already sold this year. One loss-making subsidiary, AEG, which makes railroad systems



EUROPEAN WINEMAKING

Confronting New World Challenges

FOR EUROPEANS, wine has always been more important

for its reaffirmation of national esprit, its nourishment of a good meal, and its reviving of the soul than it has for the jobs and profits it generates. But with the rapid emergence of exceptional producers in the US, South America, Australia, and South Africa and a general decline in the volume of wine drunk by consumers in major markets, European producers have been pressed to improve quality and launch aggressive marketing campaigns to save their businesses during the recession.

Periodic visits to major American cities by the representative of France's cognac producers illustrate part of their new strategy. Claire Coates regularly holds tastings for key wine columnists in the US, plying them with cognacs costing as much as \$1,000 for the rare Louis XIV brand poured from a Baccarat crystal decanter. To attract younger consumers with sweeter tastes, she proposes mixing cognac with sodas or blending it in a cocktail. Consumer education and the promotion of new ways to enjoy the product are also being used by wine trade groups.

In terms of volume, Italy is Europe's largest producer of wines and accounts for nearly 20 percent (25 million gallons) of the wines imported by the US. On its heels is France. But because French wine is more expensive, France accounts for nearly half (\$486 million) of the value of foreign wine shipments to the US, with Italy averaging a 26 percent share

By James D. Spellman

(\$255 million). Spain and Germany stand third and fourth among Europe's leading exporters to the US.

Europe underwent a revolution in its winemaking in the late 19th century. To combat phylloxera, an aphid-like insect that devastated the vines of the continent's most illustrious vineyards, the hardier roots of American grapevines were grafted onto European varietals. During the last two decades, American producers were again responsible for heralding changes in Europe's winemaking through their use of stainless steel vats, computer systems to monitor aging, temperature-controlled storage areas, and plastic corks. Science replaced the laissez faire approach of leaving wine to develop according to its mystical alchemy.

Europe is facing another challenge. American and European consumers are drinking less wine. "They used to drink 90 to 100 liters each year in Italy and France 30 years ago," said Vincent Giambaolo, vice president of the Italian Food and Wine Institute. "Now it's three-quarters of that or less. It's a trend that started many years ago and shows no signs of changing." And, all types of wine are suffering. Port sales slid about 4 percent annually during the last six years.

Americans' consumption of wine, too, has steadily declined since 1987, with a 4 percent drop in table wine sales occurring in 1993 alone. That has resulted in a 10 year loss of 56 percent from the 1987 peak for foreign wine sales in the US and a 12 percent drop last year alone.

Several reasons explain the slide. One is an expansion in the range of beverage choices, alcoholic and non-alcoholic. Fruit juices, beers from microbreweries, herbal teas, and mineral waters tempt consumers. Changing patterns of wine

consumption and increasing health concerns have also contributed to the slump in sales.

Drinking less wine, Europeans and Americans have become far more choosy, preferring premium "best buys." Their efforts have been helped by the proliferation of wine-buying magazines such as *Wine Spectator*, *Wine Enthusiast*, and *Wine and Spirits*. California premium wine (retail above \$3 per bottle) sales capture 30 percent of the US market, nearly eight times the 4 percent share they held in 1980 (\$1.6 billion in sales in 1992, compared to \$200 million in 1980). Indeed, "super-premium" wines, those priced from \$7 to \$14 grew 66 percent (from \$339 million to \$562.7 million) from 1988 to 1992. Meanwhile, sales of jug wines and "wine coolers" (blends of wine with fruit juices) have plummeted.

To respond to the challenge, Europeans are adopting new labeling and marketing strategies, according to Jon Fredrikson of the San Francisco based wine economist firm Gomberg, Fredrikson, and Associates. "European wines were always based on regional appellations whether it be Chianti or Barbaresco. Now they are emulating California varietals and designating their wines as varietals. They are not emphasizing the source but rather the type of wine. More and more wines from Europe now look like California wines." Labels tout Cabernet Sauvignon, Merlot, or Chardonnay rather than the specific region in which the grapes were grown. He notes that low-cost producers in Bulgaria, Hungary, and Slovenia, for example, have adopted similar strategies.

The European Union (EU) is also addressing declines in demand for European wines by proposing a program to cut excess production. Consumption is falling by 200 million liters annually while output is rising. The EU initiative would cap production at 15.4 billion liters and provide subsidies to promote consumption above that level, reduce the acreage used by vineyards and encourage winemakers to improve production quality.

"People have always been saying there is an ocean of wine, and now, that ocean has gotten larger with more wines coming from Chile, Australia, the US, and elsewhere," said Michael Aaron, chairman of Sherry-Lehmann, Inc., a wine store in New York City

"But for fine wines, it has become a lake, and the reason is that more consumers want to buy the limited productions of high quality wines. Bordeaux is an example. After three great vintages 1988 to 1990—the region has not produced

wines as strong, making the wines from those three great years even more valuable today."

Aaron suggests that Europe's success will lie in its marketing ability. "Europeans have to understand the importance of advertising their product, promoting it. I receive hundreds of phone calls about interesting vineyards, but it is difficult to sell them if they are not promoted."

Georges Duboeuf, the French producer specializing in wines from the Burgundy region, has aggressively promoted his label using his Beaujolais Nouveau, the first wine of the French harvest, as an introduction to his wines from Juliéna, Brouilly, and Saint Amour. Offering consistently solid, well-rated, reasonably priced wines, Duboeuf has changed the way the region's wines are packaged, moving away from individual chateau labels to a brand name that means something. Detractors claim that the nuances and characteristics that give wines personality are being sacri-



Although the traditional winemaking methods of the small, family vintners will probably remain unchanged, many major producers are looking at more scientific means of production.

ficed to achieve consistency and blandness to appeal to the broadest range of palates.

The future for Europe's wine producers does look brighter. Some economists think that declining demand has bottomed out and will begin to increase again. The obsessiveness in the 1980s with fitness and health is abating. As economies worldwide expand, more wine will be bought. Eastern and Central European countries will begin supplementing more of their beer and spirits drinking with wine. And producers will continue to improve wines to appeal to quality-conscious consumers. ☺

James D. Spellman profiled Portugal's port wine industry for EUROPE's May 1993 issue.

GRAPE VALUES



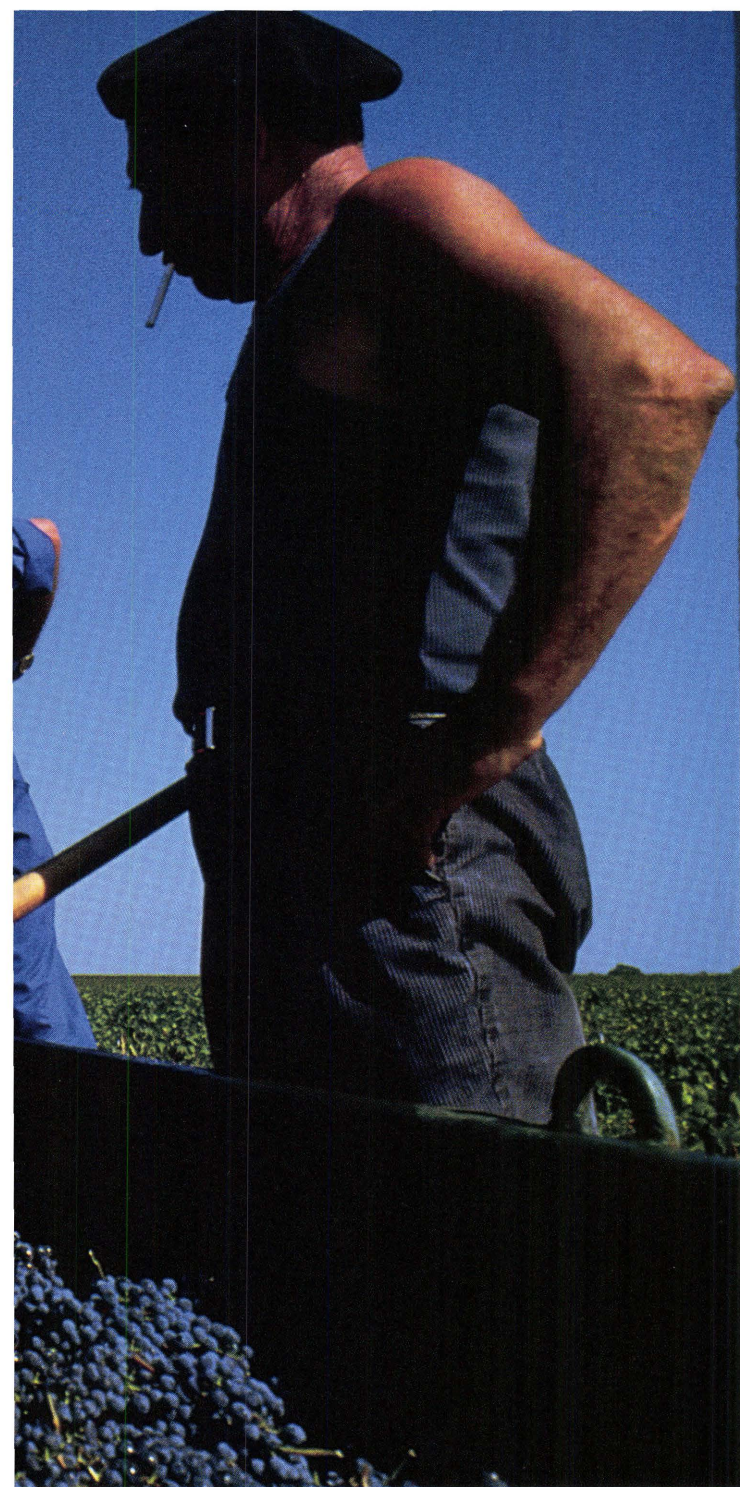
F r e n c h W i n e s f r o m
L a n g u e d o c - R o u s s i l l o n

SIZE, AS WE KNOW, IS not everything. In the past, the Languedoc-Roussillon region, which is the world's largest vineyard, was a huge embarrassment to the French wine industry. Cheap rotgut gushed forth from the area in such indecent quantities that sippers of well-bred *premiers crus* turned up their sensitive noses in disgust. But within the last 10 years, what used to be the crass country cousin of such sophisticates as Bordeaux and Burgundy, has changed from a rustic relation with no class and dreadful taste into a respectable member of the French wine family.

By Ester Laushway

The wines produced by the 80,000 growers and vintners of Languedoc-Roussillon are no longer just plonk to pour down the gullets of thirsty peasants with cast-iron stomachs. An increasing number of them are now truly worth drinking and so reasonably priced that they are becoming more and more popular with both French and foreign wine drinkers.

Languedoc-Roussillon sprawls along the Mediterranean coast of France in a vast crescent that stretches from the Rhône River in the northeast to the Pyrenees Mountains in the southwest. The 750,000 acres of vines growing there produce more wine than the entire United States and five times as much as Australia: 222 million cases a year, which is 7 percent of the world's total wine output.



Its enormous size, which embraces many variations in climate and geography, allows an immense variety of grapes to grow, which in turn produce a wide selection of wines. About half of them are still the evil stuff that gave the area its bad reputation in the first place: \$2 a gallon, mouth-puckering, stomach-corroding, red table wine. But from the other 50 percent, a steadily growing selection of quality wines is emerging, classified as either AOC (*appellations d'origine contrôlée*) or *vins de pays* (country wines). AOC wines come from an officially designated area of production, such as Faugères, St. Chinian, and Corbières, and are made according to strict regulations. *Vins de pays* do not have to obey such restrictive rules and can be blended together from as many grape varieties as the vintner cares to plant on his property.

A bewildering array of quaint and obscure grapes are traditionally grown in Languedoc-Roussillon. The red varieties include Carignan, Grenache, Tannat, Malbec, Cinsault, and Mourvèdre—to mention but a few. Among the white wine grapes are Viognier, Petit and Gros Manseng, Marsanne, Ugni Blanc, and Roussanne.

The region's undisputed master blender, who consistently comes up with *vins de pays* so outstanding that they can command the same price as a Burgundy, is Aimé Guibert. He varies the recipe for his spectacular Mas de Daumas Gassac reds and whites every year, mixing long-established and relatively new grape varieties until he gets the taste he wants.

Such freedom in winemaking has only been possible in Languedoc-Roussillon since 1979, the year in which the authorities decided to allow international grape varieties to be planted in the region. Growers promptly started digging up some of their old vines and replacing them with the favorite varieties of the United States and Australia, the two countries that were becoming their main competitors. Chardonnay, Sauvignon Blanc, Cabernet Sauvignon, Syrah, Merlot—these now cover more than 110,000 acres in Languedoc-Roussillon, an area four times the size of the Napa Valley's vineyards.

The new grape varieties have attracted new vintners, who are eyed with some suspicion by the locals, but who bring the latest in techniques and technology with them. Some, like Georges Duboeuf, who put Beaujolais Nouveau on the wine map, are particularly adept at reading the international market and supplying it with custom-made wines. Currently, there is a real thirst for New World style wines: whites that

THE TOP OF THE CROP

The *Wine Spectator* recently conducted a blind testing of 400 Languedoc-Roussillon wines, all available in the US, and awarded ratings to the following wines in their particular category.

Reds from AOC Districts

Corbières:
Château Hauterive Le Haut
Corbières, 1990. \$10

Côteaux du Languedoc:

Catherine de St.-Jurey
Côteaux de Languedoc, 1992. \$8

St.-Chinian:
Château du Prieure des Mourgues
St.-Chinian, 1991. \$10

Faugères
Gilbert Alquier
Faugères, 1991. \$9

Red Vins de Pays
Domaine de Roquenegade
Cabernet Sauvignon

Vin de Pays de l'Aude, 1991. \$8

Les Jamelles
Merlot
Vins de Pays d'Oc, 1991. \$7

White Vins de Pays
Domaine St.-Louis
Chardonnay
Vins de Pays d'Oc, 1991. \$9

Domaine du Bosc
Vin de Pays de l'Hérault
Cépage Muscat Sec, 1992. \$8

SIMPLY THE BEST

(with prices to prove how exceptional the wines are)

Red

Mas de Daumas Gassac
Vin de Pays de l'Hérault
Haute Vallée du Gassac, 1989. \$28

White

Mas de Daumas Gassac
Vin de Pays de l'Hérault
Haute Vallée du Gassac
Blanc de Raisins de Blancs, 1990. \$38

are smooth, rich, fruity, and inundated by toasty, vanilla oak aromas; reds that are plump, soft, almost jammy and also feature a liberal dose of oak. Duboeuf, never one to ignore a trend, is now producing and exporting a range of varietals (wines based on a single grape variety) which include a Chardonnay, a Cabernet Sauvignon, a Syrah, and a Merlot. Last year he shipped 120,000 cases of these wines to the United States.

Commercially speaking, these designer wines make good sense. Yet by far the most interesting discoveries in Languedoc-Roussillon are the wines that have remained true to local tradition. These are the ones that taste of the *terroir* (the land), with flavors running the gamut from spicy, brambly and plummy, to peppery, smoky, and gamey. Some of them

even have a hint of *garrigue* (the local shrubland) which is a flavor that does not exist in wines from any other region.

Although many are now being exported, there is nothing like rolling up at the cellar door on a sunny morning and sampling them locally. The vintners of southern France are a hospitable bunch, who usually bring out "just one more" to try even if all you want is to have your Evian bottled filled with a vin de pays. Some of the wines will be pretty bad, but a few will make the sun shine just a little more brightly, and at around \$6 a bottle direct from the producer, anyone who is not a total snob can happily drink their way through Languedoc-Roussillon. ☺

Ester Laushway is EUROPE's Paris correspondent.

GIVEN THE ENGLISH CLIMATE, which is about as sodden as you can get, it would seem more sensible to go into rice-growing than to plant grape vines here. But this is a nation that runs around in short sleeves and shorts in icy temperatures, plays cricket dressed in dazzling white on fields knee-deep in mud, holds garden parties in gale force winds and driving rain—so why not try their hand at viticulture?

It is quite amazing just how many of the English are optimistic enough to go into commercial winemaking on this chilly isle. There are about 450 vineyards in England and Wales, the majority of them in the balmy southeast counties of Kent and Sussex, covering a total of almost 2,000 acres and producing nearly 4 million bottles of wine a year.

Viticulture is something of a cottage industry in England, with the average vineyard only 4 acres in size, generally run by a gentleman vintner determined to do his own thing. Nothing as cost-effective and practical as a wine cooperative has or will ever exist; winemakers give the impression that they would rather press their precious grapes with their own two feet than entrust them to anyone else's hands.

The English wines they produce are predominantly white, light, medium-dry to dry, with a noticeable edge of acidity that comes from the grapes having to fight for their life against the elements.

In no way should these wines, which can be surprisingly good, be confused with the ghastly sweet stuff sold as "British wine," which is produced in large-scale wineries from imported grape concentrate. It is peddled under such fanciful names as "Rougemont Castle" for under \$4 a bottle and proves that some people will drink anything.

You have to admire the grit of the English winemakers.

Their government does its best to tax them out of existence; liquor stores and supermarkets practically refuse to stock their wines; fellow Englishmen prefer the snob appeal of foreign tipples; the weather throws everything it can at them; and still they struggle on heroically.

Most of them cannot survive on wine alone and have some additional form of revenue, like a fruit farm, or an ancestral castle, or family attractions like a petting zoo, an adventure playground, picnic grounds, or a restaurant.

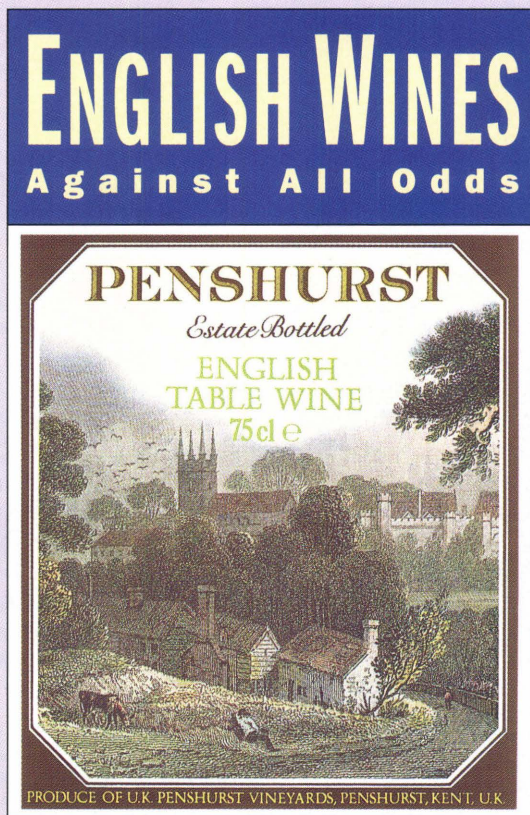
The largest of them all, Denbie's Wine Estate on Surrey's North Downs, shows that wine making in England does not have to be a quaint hobby for eccentrics. It churns out half a million bottles of wine a year from the 18 different grape varieties planted on 250 acres. To attract visitors, it has turned its high-tech winery into a "fun day out for the whole family," complete with a 3-D movie on the life cycle of the grape and a people mover tour of the premises.

Not so slick, but a far more typical example of English vineyards as a whole, are the 12 acres of the Penshurst vineyards in Kent, which have five grape varieties producing an average of 50,000 bottles annually. Their wines are

excellent, but they, too, know that it takes more than grapes to draw the crowds to an English vineyard. So they have added a mob of wallabies, a flock of rare breed sheep, and black swans for entertainment value. And as a final inducement to buy one of their wines, they have designed a label which has a wallaby hidden in its country village scene.

English vintners may be a strange, endangered species, but what they lack in numbers they make up for in survival instinct. ☺

—Ester Laushway



Inside

EUROPE

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US IS LOOKING TO EUROPE AGAIN

A tectonic force seems to have gone into reverse. If there was one overwhelming foreign policy message from the Clinton administration in its first year in office it was that the era of Europe in US foreign policy was drawing to a close.

"Too Euro-centric for too long" was how Secretary of State Warren Christopher put it, as the leaders of the world's fastest growing markets around the Pacific Rim gathered for the first Asia-Pacific Economic Summit conference gathered in Seattle last November.

The new trade-oriented foreign policy team looked at the raw numbers of US-Asian trade, which in 1993 for the first time topped \$350 billion, and declared that America's economic future lay across the Pacific. By contrast, Europe's trade was sunk in recession. A series of arguments over Bosnia policy and over the future size and role of NATO had embittered, and perhaps even endangered, the Atlantic Alliance.

But with President Clinton heading back across the Atlantic for his third European trip this year, after the NATO conference in January, the D-Day ceremonies in June, and now the July tour of Eastern Europe and the G7 summit in Naples this month, Europe seems back at the center of America's concerns.

There are other signs that the tilt to Asia is over: a spate of reshuffles in the senior staff at the State Department and at the National Security Council; a sudden focus on the underlying health of the US-European economic relationship; and a series of hiccups in President Clinton's Asian policies.

Asia may still be the glittering economic prize of the future, but from the sudden nuclear crisis with North Korea to the MFN row with China, the fabled Pacific Rim seems to be producing more headaches than opportunities in the Clinton administration's infatuation with Asia.

By contrast, President Clinton's welcome at the D-Day ceremonies—the classic symbol of American commitment to Europe—was like the comforting embrace of an old friend. And on his return, a new report was published in Washington which spelled out the underlying

economic strength of the transatlantic relationship. Produced by Robin Gaster of North Atlantic Research, Inc. and Clyde Prestowitz of the Economic Strategy Institute, it focused on trade patterns in terms of quality, rather than quantity.

The raw figures for trade showed the US exporting \$130 billion of goods and services to Asia in 1993, against \$110 billion to Europe. But they also showed the US importing \$241 billion from Asia, and only \$114 billion from Europe. While US-European trade was in a rough balance, Asian trade contained an apparently immovable structural deficit for the US of around \$100 billion.

Not only were transatlantic trade flows balanced, they were also healthier and more productive for both partners. Europe has \$250 billion invested in the US, in companies which employed 3 million Americans and paid \$20 billion in American taxes. By contrast, Asia's investment of \$107 billion in the US produced fewer than a million American jobs and paid only \$7 billion in taxes.

European companies spent over three cents on R&D in the US for every dollar they invested, while Asian companies spent 1.4 cents per dollar. The European-owned firms were far more integrated into the American economy. In 1991, European and Japanese firms operating in the US each shipped about \$41 billion in exports (amounting to 18 percent of all US exports), but while the European firms imported about \$60 billion, the Japanese ones imported over \$90 billion from their parents at home.

Collectively, foreign-owned affiliates in the US generated a net merchandise trade deficit of \$81 billion. Of this, 60 percent came from the Japanese-owned firms, and only 15 percent came from the European-owned companies.

"The US economic relationship with Europe is mature, balanced, and mutually beneficial. It is the most important bilateral relationship in the world—bar none," commented Clyde Prestowitz. "The Atlantic countries broadly agree on most of the major issues concerning the organization of the new global economy, from labor

EU ASSISTANCE (CONTINUED)

rights to investment issues to competition policy. Shaping this global economy will require allies, and many of America's likeliest allies will be found in Europe.

"Although there are clear differences between American and European capitalism, they are dwarfed in comparison with the gulf existing across the Pacific," Prestowitz went on. "It is unwise to push Europe into considering a future without close links to the US. In particular, the notion of the US playing an Asian card against Europe should be quietly buried."

This report, titled *Shrinking the Atlantic: Europe and the American Economy*, reflected the broadly similar conclusions of a series of working groups in Washington, organized by the European Institute to consider future US-EU cooperation after the completion of the Uruguay Round. And in Washing-

ton where these kinds of reports and think tanks help shape the intellectual climate for the US foreign policy establishment, the Clinton administration displayed its readiness to focus again on Europe with a reshuffle of the high level staff on European affairs at the National Security Council and the State Department.

If the new alignment over Bosnia holds, then the sharpest policy dispute between Europe and Washington may be over, opening the way for a new appreciation of the economic fundamentals to restore the Atlantic Alliance to its traditional stature. As Mr. Prestowitz noted in presenting his economic report. "We will certainly achieve far more in opening Asian markets if we work with the Europeans, rather than against them."

—Martin Walker

EU NOTEBOOK: EMU VERY MUCH ALIVE

Economic and Monetary Union (EMU) has crept back onto the agenda less than a year after a savage currency crisis tore apart the European Union's exchange rate mechanism (ERM), the springboard to a single currency by the end of the decade.

The EU's finance ministers appeared to have buried the ERM in a traumatic emergency meeting on August 2, 1993, when they agreed to widen the bands in which currencies could fluctuate against each other from 2.25 percent to 15 percent.

The meltdown, which had started in September 1992, when speculators chased the vulnerable British pound and Italian lira out of the ERM and forced the devaluation of the Spanish peseta, Portuguese escudo, and the Irish punt, was complete. With Europe's currencies freely floating, EMU was off the agenda for the foreseeable future.

Not quite. France, which spent billions in a future effort to keep the franc within its narrow bands, didn't take advantage of its escape from the ERM straitjacket to slash its interest rates. Instead, it continued to follow the interest rate policy of the Bundesbank, the very thing that landed it in trouble in the first place.

And unlike the pound and the lira which sank by about 20 percent after leaving the ERM, the franc actually hardened, reentering the old grid last December. The other "core" currencies of the ERM, the Dutch guilder, the Belgian franc, and the Danish krone are also trading in the narrow bands.

The crisis measures of last August, rather than burying the ERM, have deterred speculators and reinforced currency stability.

And so, a single currency, dismissed as a fantasy last summer, is again a serious proposition. Once again, academics, economists, bankers, even a few politicians, are debating whether EMU will take place by the 1997 or 1999 dates laid down in the Maastricht Treaty.

"Over the last six months, Economic and Monetary Union has regained credibility," according to French Finance Minis-

ter Edmond Alphandery, who has said a return to narrow bands could be "premature." An equally cautious line is taken by Henning Christophersen, the EU Commissioner for Economic Affairs and a firm fan of EMU. "If we want to move back to narrow bands, we must have more solid ground under our feet. There needs to be a critical mass of credibility in the markets."

Hans Tietmeyer, president of the Bundesbank praises the "new" EMU because it no longer obliges countries with strong currencies, notably the D-mark, to support weaker currencies, but it still has encouraged the traditional "hard core" currencies such as the French franc, the guilder, and the Belgian franc to "hug" the mark.

The escape from the ERM straitjacket has enabled Europe's bankers and finance officials to rethink strategy toward EMU in a calmer atmosphere. And one of the key questions is whether it is possible to achieve monetary union without returning to the narrow bands and inviting more trouble from speculators in the \$1 trillion a day foreign exchange market. "The risks of renewed turbulence should not be underestimated," the Bundesbank warned in its annual report in April.

The Maastricht Treaty, the rule book for EMU, says EU countries must respect "normal" fluctuation bands and must not devalue for at least two years in order to qualify for the third and final stage of monetary union.

But what is "normal" now, bankers ask. The European Commission is currently studying whether the 15 percent band can be considered normal or whether the Maastricht requirement can be met without formally reestablishing narrow bands. Some EU finance ministers and central bankers also are tilting to a more flexible interpretation of the Maastricht rule book.

Alexandre Lamfalussy, President of the European Monetary Institute, reckons EU finance ministers will decide by the end of the year whether to accept the 15 percent band, thereby keeping alive the plan to move to a single currency by the first target date of January 1, 1997. "With wide bands,

NOTEBOOK: (CONTINUED)

1997 becomes more feasible," he says.

Resolving this key issue will allow EU member states to concentrate their efforts on meeting the Maastricht criteria on inflation, interest rates, budget deficits, and public sector debt.

No country passed all four "tests" last year, but five—the UK, France, Luxembourg, Ireland, and the Netherlands—satisfied three.

Most countries meet the interest rate and inflation requirements to join EMU. But budget deficits and public debt are major obstacles. The average budget deficit in EU countries rose to 0.4 percent of gross domestic product (GDP) in 1993 from 5 percent in 1992, or more than twice the 3 percent Maastricht ceiling.

The requirement that a country's stock of government debt must not exceed 60 percent of its GDP poses the toughest test. At present, a majority of EU countries exceeds the debt ceiling, with Belgium more than double the limit at a staggering 130 percent and Greece and Italy close to 120 percent.

Some countries face a Herculean task meeting this criteria. The Belgian finance ministry calculates Belgium would need to chalk up a budget surplus of 6 percent of GDP for the next 15 years to reduce its public sector debt to 60 percent of GDP by the year 2009—10 years after the second target date for EMU.

This poses a major problem for EMU enthusiasts. The Belgian franc is a natural candidate to join a single currency, but would be ineligible because it does not satisfy the rules.

Moves are already underway to take advantage of the leeway in the Maastricht Treaty allowing a liberal interpretation of whether EU countries comply with the criteria. Alain Lamassoure, France's minister for European Affairs, says the criteria must be "complemented by political considerations."

Such remarks draw a frosty response from Germany, where public resentment over abandoning the mark for a European currency has politicians on the run in an election year.

There is no way Germany will bow to the demands of its European partners. The German constitutional court ruled last October that EMU can only proceed if the criteria are strictly applied.

EMU is still alive, but the battle to turn it into reality is only just beginning.

—Bruce Barnard

WHAT THEY SAID...

"Germany and the United States form the core of NATO. Never before were American forces so closely linked with another ally. Since 1945, more Americans have lived and worked in Germany than anywhere else in the world. The United States is Germany's largest foreign investor, and at the same time attracts the most German capital."

—German Foreign Minister Klaus Kinkel, in a speech in Washington, DC, reflecting on the partnership between Germany and the United States since World War II.

"In Italy I'm considered a Euro-skeptic, but in Britain I would probably be considered a Euro-enthusiast."

—Antonio Martino, Italian foreign minister, commenting on his view of the European ideal.

"Without your commitment, Berlin would not be free and Germany would probably not be united."

—Eberhard Diepgen, mayor of Berlin, honoring Allied Forces during a final march through Berlin; the last contingent of Allied troops will leave the city on September 8, after 49 years of service protecting the once-divided city.

"Russia occupies half of Europe, but until now it is not even considered as part of Europe."

—Boris Yeltsin speaking with Greek Foreign Minister Karolos Papoulias.

"His is the diminution of popular entertainment to a single cell, an irreducible cultural amoeba."

—A British commentator said of the BBC's Mr. Blobby, a television personality who has raised in the UK the sort of stir that Barney the purple dinosaur has created in the US.

"A peaceful, democratic Germany is perhaps the greatest of all monuments to the Allied soldiers who landed on the beaches of Normandy half a century ago."

—Walter Rodgers, CNN correspondent commenting on the legacy of D-Day.

BUSINESS BRIEFS

Honda is investing nearly \$500 million to boost capacity at its British car plant by 50 percent to 150,000 cars a year by 1998. The investment underscored the Japanese company's commitment to the UK after its British partner **Rover** agreed to a takeover by **BMW**, the German car manufacturer. Honda is aiming to sell at least 300,000 cars a year in Europe by the

year 2000, half to be supplied from its British plant, half from Japan.

...

France Telecom and **Deutsche Telekom** paid \$4.2 billion for a 20 percent stake in Kansas City based **Sprint**, the third largest US long distance telephone company.

The investment, which follows a \$1.6 billion strategic alliance between the French and German telecommunications companies last December, is a direct challenge to **British Telecom's** \$5.3 billion alliance with **MCI**, the number two US phone company, in July 1993.

A week later, **AT&T**, the largest US telecommunications operator, unveiled

BUSINESS BRIEFS (CONTINUED)

an alliance with **Unisource**, a joint venture between the Swiss, Dutch, and Swedish national telephone companies.

•••

KLM Royal Dutch Airlines joined the select rank of money-making European airlines, swinging to a net profit of \$55.7 million in the year to March 31 from a loss of \$303.5 million in the previous year.

While a sharp rise in passenger traffic and continued cost-cutting mainly contributed to the turnaround, KLM also benefited from the fact that it no longer includes the figures from **Northwest Airlines**, the US carrier in which it holds 20 percent.

Northwest, which accounted for the bulk of the previous year's \$213 million losses from KLM's holdings, has itself returned to the black.

•••

Deutsche Aerospace (DASA), the aerospace unit of Germany's **Daimler-Benz** group, and **Aerospatiale**, the French state-owned aerospace group, are teaming up to build commercial satellites and guided missiles. The two companies, which already operate a joint helicopter venture, **Eurocopter**, are joining forces to keep pace with the rapid consolidation in the rival US defense industry.

•••

BAA, the privatized British airport operator, plans to double its capital spending to \$2.4 billion over the next three years to keep pace with the surge in passengers passing through its seven airports.

The number of passengers using BAA airports increased 5.6 percent last year to 82 million, of which 71.5 million traveled through its three London airports, Heathrow, Gatwick, and Stansted. BAA also intends to build a fifth terminal at Heathrow, the world's busiest international airport, at a cost of \$1.3 billion.

•••

Meanwhile, one of the most famous names at British airports, the **W.H. Smith** bookstore, is setting up at Los Angeles international airport. The contract to run

eight news and gift shops at LAX, the world's fourth largest airport, will add \$25 million to W.H. Smith's \$65 million annual sales from stores at 15 US airports.

•••

Smiths Industries, the British aerospace and health care group, paid \$150 million for **Deltec**, a US medical equipment manufacturer owned by **Pharmacia** of Sweden. In October, 1992, the company paid \$110 million for another US medical equipment firm, **Intertech Resources**.

•••

ENI, Italy's state-owned energy conglomerate, bounced back to profitability in 1993 thanks to drastic cost-cutting, widespread plant closures at home and abroad, 20,000 layoffs, and 60 asset sales. ENI's profit, \$259 million compared with a loss of around \$500 million, was achieved while it was being scrutinized by anti-corruption magistrates.

ENI's chairman, **Gabriele Cagliari**, was arrested on corruption charges and committed suicide while in prison. The chief executives of its main operating companies, including its oil and gas exploration arm, Agip, were also arrested.

The new government of **Silvio Berlusconi** is readying ENI for sale to private investors after the privatization of **INA**, the state insurance company, and **STET**, the telecommunications monopoly.

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Société Européenne des Satellites (SES), a Luxembourg based company which beams 50 satellite television channels across Europe, plans a share listing on the London stock exchange from which the company expects to raise \$1.5 billion.

SES is waiting for the successful launch of its fourth Astra satellite, scheduled for September, before formally deciding to go public.

Deutsche Telekom, Germany's soon-to-be privatized telephone monopoly, recently agreed to take a 16 percent stake in SES.

•••

Philips, the Dutch electronics giant, is mulling a \$1 billion investment in a semiconductor chip plant, its single biggest outlay since the financing crisis which erupted in 1990.

The fact that Philips is considering the investment—a final decision is due later in the year—highlights the turnaround at the semiconductor unit which suffered a major setback in 1990 when it abandoned pilot production of random access memory (S-Ram) chips.

Philips, which makes chips in the Netherlands, France, the UK, and the US and has assembly operations in Asia, says the new plant can be built anywhere in the world.

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Swissair is seeking a large minority stake in **Sabena**, Belgium's national airline, as compensation for the collapse of a planned merger with **KLM**, **Scandinavian Airlines System** (SAS), and **Austrian Airlines** last November.

•••

Two European media firms, the Dutch **VNU** and Anglo-Dutch **Reed Elsevier**, emerged as frontrunners to buy parts of **Ziff Communications**, the family-owned US publisher, which has been put on the block with a likely \$2 to \$3 billion price tag.

Reed Elsevier is keen to boost its presence in the US after last year's \$417 million purchase of **Official Airline Guides**. VNU, anxious to lessen dependence on the restricted Dutch market, recently doubled its US revenues with the \$220 million acquisition of BPI Communications, the publisher of *Adweek*, *Billboard*, and *The Hollywood Reporter*.

France's **Matra-Hachette** and **Bertelsmann** of Germany also are likely contenders for some Ziff titles.

—Bruce Barnard

INSIDE EUROPE Correspondents

Bruce Barnard
Martin Walker

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

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"AND THE WINE WAS GOOD," wrote Ernest Hemingway, in one of his many accounts of Spain, a country where wine has been produced at least since the Phoenicians scrambled ashore so many centuries ago.

Certainly enough time to get it right. So why is it that some Europeans, particularly the British and the French, used to believe that Spain only produced cheap and barely palatable plonk?

"Because the Brits are snobs and the French had their own horn to blow concerning wine, but we're getting noticed now," says a patriotic Spaniard and oenophile as he downs his third glass of the afternoon of Rioja *tinto* (red wine) at a midtown Madrid taverna.

Indeed, over the past decade, Spanish wines have been receiving rave reviews, not only in Europe but abroad as well, for their character, sophistication, and relatively low price. Spanish reds and whites are now regulars at top-notch wine-tasting events and an increasing number of wine merchants in the rest of Europe, Japan, the United States, and Australia are featuring wines from Spain. And it is

not just stores catering to connoisseurs that have discovered Spanish wines. I recently came across a bin filled with bottles of Vina Sol, a delightful dry, white wine produced by the Torres family in Catalonia, at a liquor store in a poky farm town out on the Great Plains.

Export figures support this trend. In 1993, Spain exported 7.19 million hectoliters of wine of all types, or 6.3 percent more than the previous year. Other European Union nations were the main buyers, purchasing 78 percent of the total with Germany, France, and the UK in the top three.

The French especially seem to have learned to appreciate wine from their neighbor across the Pyrenees. In 1990, France accounted for only 5.7 percent of Spanish wine exports, but by 1993 the French purchased 27.4 percent.

While overall exports were up last year, those of quality Spanish wines fell slightly, which sector analysts blame on the worldwide recession. However, a dip in their own fortunes (the country's worst economic performance in 30 years) didn't prevent Spaniards from enjoying the good stuff. Per capita consumption of the finest wines rose to 11 liters in

SPANISH WINES

Bold and Delightful

1993 from 10 liters the year before, and overall wine consumption went from 32.5 liters per capita to 34.3 liters.

But what is the good stuff? For red wines, most people will tell you that La Rioja is the premier region for what the

Spaniards call *vino tinto* and drink with just about everything, except seafood. To quote another American author familiar with Spanish wines, James Michener: "If Spain had a taste, it would be that of the dark, red wine of Rioja."

Located just south of the Basque region in north-central Spain, La Rioja is home to labels which bottle the wine made from Tempranillo grapes and age it in oak casks, which give the finished product a robust, oaken flavor. Rioja wines go particularly well with the roast meats, such as lamb and suckling pig, popular in the region, and the best years for Rioja wines are 1970, 1982, 1987, and 1991.

Just next-door is the region of Navarra, the capital of which is Pamplona, the city where tens of thousands of Spaniards and foreigners risk their lives each summer in the mad dawn scramble known as the "running of the

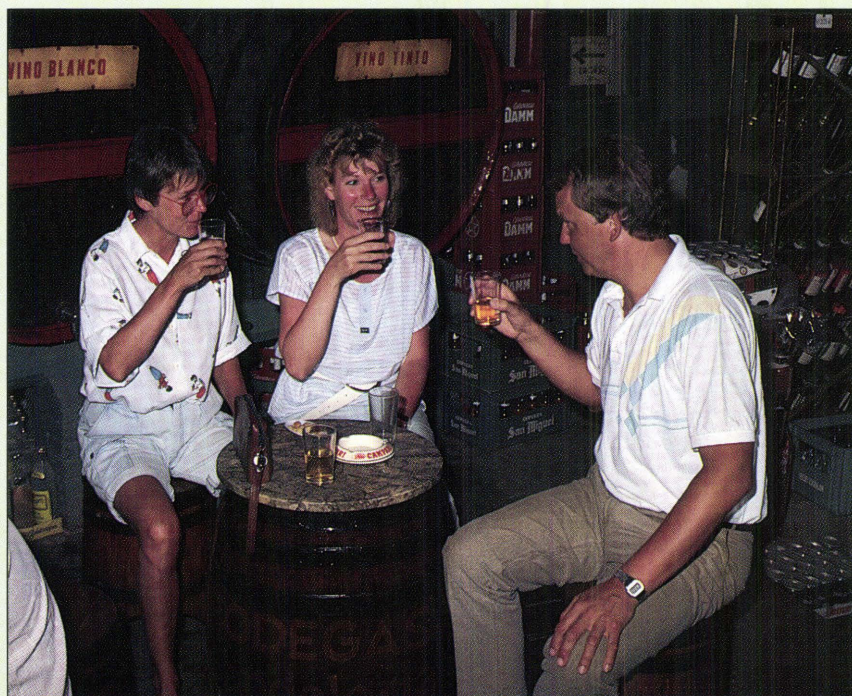
bulls." Much of the revelry of that week is fueled by the locally bottled rosé or *rosado* wines, and wine aficionados consider the pink elixir from Navarra to be the very best in Spain.

Made from the Garancha grape, the Navarra rosados are bold, delightful wines and a far cry from the sweet rosés produced in the United States. Just the thing for a picnic lunch to wash down a roast chicken or cold omelet. The years 1973, 1981, 1982, 1988, and 1989 are considered the best.

Catalonia is the place for white wines. This region, bordered to the south by the Mediterranean Sea and to the north by France, produces crisp *blancos*, mainly in the Penedes region, which are the perfect accompaniment to the abundant seafood and game, such as rabbit, that figure prominently in Catalan cuisine. Look for the years 1972, 1976, and 1982.

Some of the same houses that bottle the better Catalan whites also make the Spanish version of champagne, called *cava*. Many consider the top brands, like Codorniu or Freixenet, equal to the French stuff but less expensive. ☺

—Benjamin Jones



Over the past decade, Spanish wines have gained in popularity for both their taste and relatively low price.

What's Cooking in Europe?

WAY BACK WHEN, chefs' secrets were guarded with the same discretion afforded national security codes and the crown jewels. Today, however, restaurants and hotels all over Europe are unlocking the doors to their kitchens and inviting guests to roll up their sleeves and come inside.

Whether you plan to be in Europe for a week or a year, you can enroll in short-term and long-term classes offered by cooking schools, gourmet shops, restaurants, and hotels all over the continent.

As you choose a cooking class, keep these points in mind: Are the courses only demonstrations or hands-on? If you don't speak the local language, are courses offered in English? Check on frequency of classes, level of instruction (beginner or advanced), size of classes, competency of instructors, and payment and refund policies.

Classes listed below are representative of dozens offered throughout Europe. For more information, contact the address at the end of each listing or see *The Guide to Cooking Schools* (1994 edition), edited by Dorlene Kaplan (Shaw Guides, Inc., \$19.95, 800 247 6553). This definitive source for 424 cooking schools and vacation programs world-

Many Americans are discovering the joys of cooking in Europe's culinary schools.

By Elisabeth Farrell

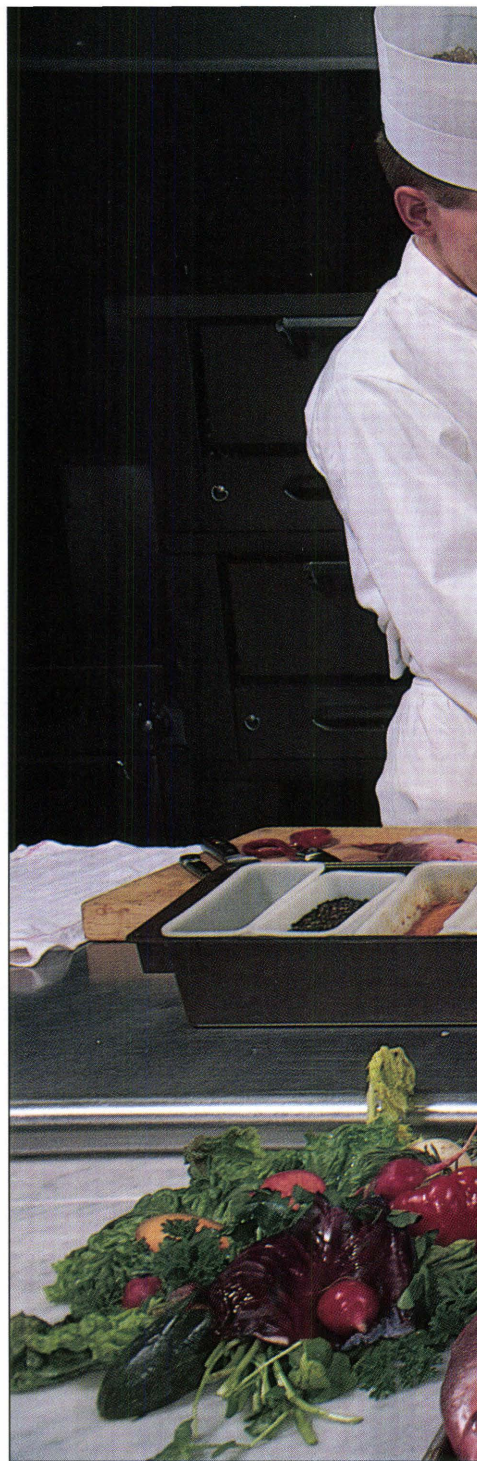
wide includes classes, tours, vacations, and even wine courses.

Ready to begin cooking? Let's start with breakfast. If you have ever experienced the melt-in-your-mouth sensation of buttery Danish pastry, you can learn the craft at Copenhagen's Hans Christian Andersen Conditori. Located next to Tivoli in the Town Hall Arcade, the bakery offers two different courses from September through May. Most are in Danish, but the school will arrange classes in English for groups. Hans Christian Andersen Conditori, 1 Vesterbrogade, Copenhagen, Den-

mark, tel. (45) 33 32 80 98.

England is famous for herb gardens, and expert Caroline Holmes shares her knowledge in one day courses (Gourmet Gardening, the Summer Herb Garden, and others) and one week courses (such as An Edible Tapestry of Gardens). Classes are in London, Ipswich, and Scotland. Caroline Holmes, Denham End Farm, Bury St., Edmonds, Suffolk, IP29 5EE, England, tel. (44) 284 810 653.

If you prefer trifles to tarragon, try the Cake Icing Course, offered year round in the Roman walled city of York.





French cooking schools run the gamut from community classes on regional cuisine to formal instruction in world famous kitchens.

Four-day courses combine demonstrations and practical work in sugarpaste icing, basic to advanced, including all those fanciful leaves, flowers, and sprays that decorate the tops of cakes. Audrée Massey, The Icing Parlour, Chippings, Greenside, Dunnington, York YO1 5NJ, England, tel. (44) 904 489 474.

Many European luxury hotels and restaurants offer short classes on a variety of topics. England's Hintlesham Hall, for example, schedules 20 demonstration classes a year on everything from

seasonal menus to dessert. When you're not beating egg whites, you can try your hand at the hotel's clay pigeon shooting, trout fishing, or golf course. Hintlesham Hall, Hintlesham, Ipswich, Suffolk IP8 3NS, England, tel. (44) 473 652 334.

There are so many cooking classes offered in France, where does one begin? At the top, of course, with the schools by which all others are judged. The kitchens where the world's most celebrated chefs learn their craft are available to you: Le Cordon Bleu, 8 rue Leon Delhomme, 75015 Paris, France,

tel. (33) 1 48 56 06 06; Ecole de Gastronomie Française Ritz-Escoffier, 15 Place Vendôme, 75001 Paris, France, tel. (33) 1 42 60 38 30 or in the US, tel. (800) 966 5758; and La Varenne, Château du Fey, 89300 Villecien, France, tel. (33) 86 63 18 34, or in the US, La Varenne, PO Box 25574, Washington, DC 20007, tel. (800) 537 6486.

American Airlines offers workshops at Le Cordon Bleu as part of a seven day package to Paris. Hands-on demonstration classes are supplemented by trips to local markets. American Air-

lines, Fly AAWay Department, tel. (800) 832 8383.

In addition to France's well-known cooking institutions, there are a host of lesser known but no less competent schools. Many specialize in regional cooking. If you have a craving for goose delicacies, for example, enroll in Traditional Family Cooking in the Quercy, where local farm women will help you prepare goose foie gras, confit goose, and other French country delights. André Pochat, Agence de Voyages Midi-Pyrenees, Vignes, Brassac 82190, Bourgade-Visa, France, tel. (33) 63 94 24 30.

Or if truffles are your weakness, make immediate plans to attend Cuisinières du Monde's Truffles Weekend in a 16th century stone farmhouse. You will also visit a 17th century walnut oil mill. Daniele Mazet-Delpeuch, Cuisinières du Monde, La Borderie, 24120 Chavagnac, France, tel. (33) 53 51 00 24.

How about some Mediterranean cooking? The Wandering Spoon offers classes in Mediterranean villas throughout Greece and Portugal. The one-week programs, held spring and fall, include participation classes, demonstrations, and excursions to markets, vineyards, and nearby cultural attractions. Lucille Haley Schechter, The Wandering Spoon, 340 E. 57th Street, New York, NY 10022, tel. (212) 751 4532.

Further north, traditional Irish cooking is on the menu of Ballymaloe House, a late Georgian manor and one of Ireland's foremost restaurants and hotels. Choose from one day to one week courses, where you'll cook using fruits, vegetables, and herbs from local gardens. Darina Allen, The Ballymaloe Cookery School, Shanagarry, County Cork, Middleton, Ireland, tel. (353) 21 646785.

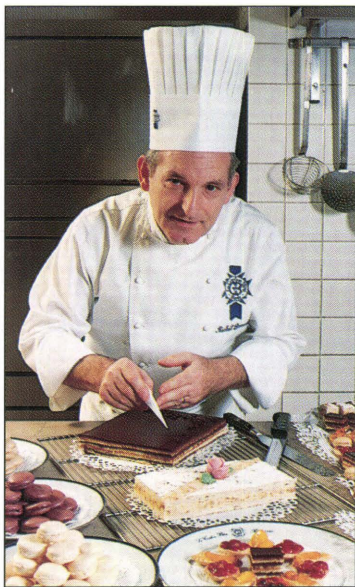
Berry Lodge Country House, just a stone's throw from the sea, also offers courses in seasonal, traditional, and modern Irish cooking. Rita Meade, Berry Lodge Country House Cookery, Annagh, Miltown Malbay, County

Clare, Ireland, tel. (353) 65 87022.

If you prefer to join a group, Sara Monick Culinary Tours offers a 12 day Food of Ireland tour each spring, including a five day stay at Ballymaloe House. Sara Monick, The Cookery, 4215 Poplar Drive, Minneapolis, MN 55422, tel. (612) 374 2444.

When you set foot in Italy, the procedure is very simple: pick a cuisine, pick a region, pick a chef, and pick a price range. There are so many cooking courses offered in Italy, that you can practically write your own syllabus.

All the famous chefs have their own cooking schools: Giuliano Bugialli, Cooking in Florence, PO Box 1650, Canal St. Station, New York, NY 10013-1650, tel. (212) 966 5325; Marcella and Victor Hazan, Hazan Classics, PO Box 285, Circleville, NY 10919, tel. (914) 692 7104; and Lorenza de'Medici, Badia a Coltibuono, 53013 Gaiole in Chianti (Siena) Italy, or The Villa Table, c/o Judy Terrell Ebrey, 7707



Willow Vine Ct., #219, Dallas, TX 75230, tel. (214) 373 1161.

Perhaps you would like to focus on a specific region of Italy. If you favor Tuscany, for example, you might enroll in Chianti in Tuscany, where two Italian countesses conduct one week courses in their homes focusing on Tuscan cooking as well as Italian language and painting. Simonetta di'Mari di Altamura, Chianti in Tuscany, Centro Pontevicchio, Podere Le Rose, Poggio S. Paolo 2, 53013 Lecchi-Gaiole, Italy, tel. (39) 577 746 152.

Or if you prefer Sicilian cooking, you can also learn from aristocracy. Marchesa Anna Tasca Lanza will show you her estate's agricultural enterprises, including production of ricotta cheese and Regaleali wine. Marchesa Anna Tasca Lanza, Viale Principessa Giovanna 9, 90149 Palermo (Mondello), Italy (39) 91 450 727.

American Airlines offers an eight day stay at La Cacciata, a farmhouse in Umbria, where you'll visit local markets, delve into hands-on classes and in

your spare time enjoy the riding stable and swimming pool on the grounds. American Airlines, Fly AAWay Department, tel. (800) 832 8383.

Scotland's Edinburgh Cookery School is geared to those pursuing careers in the industry, but cooks of all levels can participate in short-term summer classes in an 18th century coach house. Specialities include traditional Scottish cuisine. Edinburgh Cookery School, The Coach House, Newliston, Kirkliston, Edinburgh EH29 9EB, Scotland, tel. (44) 31 333 1501.

If you have a sweet tooth, you may satisfy it in Inverness at Top Tier Sugarcraft where you'll work with marzipan, chocolate, and even learn wedding cake design. And yes, the principle teachers are members of the British Sugarcraft Guild. Top Tier Sugarcraft, 10 Meadow Road, Balloch, Inverness IV1 2JR, Scotland, tel. (44) 463 790 456.

You'll learn everything from Spanish regional cuisines to Sephardic cooking to etiquette and protocol at Madrid's Alambique School. There are also group tours featuring demonstrations at Madrid restaurants, tours of gourmet shops, and visits to private homes. Clara Maria Amezua de Llamas, Alambique, S.A., Calle de la Encarnacion 2, Madrid 28013, Spain, tel. (34) 1 247 8827.

Restaurant José Luis sponsors half day classes in all aspects of Spanish cooking, plus longer courses in how to prepare for seasonal fiestas. Contact José Luis Escuela de Hosteleria Sambara, 153 28027 Madrid, Spain, tel. (34) 1 407 0854.

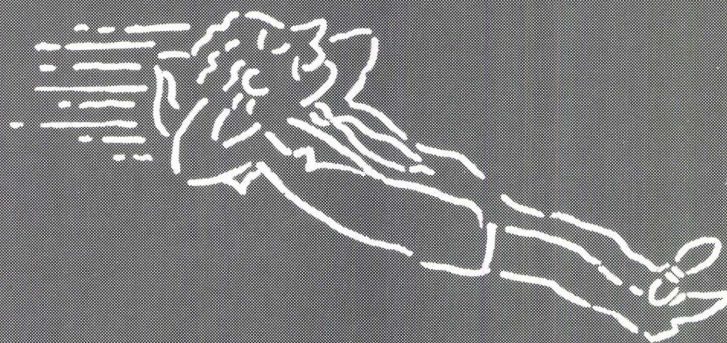
If you prefer to be part of a tour, Altamira Tours sponsors cooking vacations each year to Madrid (at the Alambique School) and to Barcelona, which features Catalan cuisine. Altamira Tours, 860 Detroit Street, Denver, CO 80206, tel. (800) 747 2869 or (303) 399 3660.

Some countries such as Belgium, Germany, and Luxembourg do not list formal classes for cooks, but if you are visiting a city or town, stop in the local tourist office and inquire about classes. Other local hotels and restaurants sponsor one day classes that are not widely advertised. You may also find local community classes that you can join.

Bon appetit! ☺

Elisabeth Farrell profiled Christmas shopping in EUROPE's December-January issue.

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Welcome To
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What's Up Herr Doc?



Hollywood in Deutschland. *Achtung!* Bugs Bunny is coming to Germany! For nearly half a century, Bugs Bunny has been entertaining audiences around the world with his hare-brained schemes. Now Bugs and his many friends are on their way to Germany to become the center of attention at a new theme park, Warner Bros. Movie World.

The theme park and working film and television studio will open its doors in 1996 in Bottrop-Kirchhellen, North Rhine-Westphalia. The site, located 20 miles north of Düsseldorf, is in one of the most densely populated corridors of the world with 23 million people living within about 100 miles.

Ground was broken on the 100 acre facility this past spring, and plans are underway for rides, shows, restaurants, and shops based on popular Warner Bros. and German motion pictures. Guests will follow Batman and his Batmobile through Gotham City, search for Bugs Bunny in the Black Forest, escape an army of gruesome Gremlins, and explore the mysteries of the Bermuda Triangle.

Movie-based attractions will include the Lethal Weapon Sound Effects Studio, the Great Gremlin Adventure, the Never Ending Story Whitewater Adventure, and the Police Academy Stunt Show.

Other rides will feature Warner Bros. Looney Tunes cartoon characters including Yosemite Sam Railroad, Coyote Canyon Minicoaster, Speedy Gonzales Grand Prix, and the Looney

Tunes Studio Tour.

Warner Bros. also plans to pay tribute to the German film and television industry with attractions such as Das Boot Special Effects Show and a German film museum.

Restaurants and shops will also have themes geared to Warner Bros. projects. For example, guests can dine at Rick's Cafe Américain, the nightclub from the Humphrey Bogart classic, *Casablanca*, a Warner Bros. film that won the Academy

Award for best picture in 1943.

Warner Bros. Movie World will also feature a working studio for film and television production. Studio facilities will operate year round, while the park will be open only from April through October.

Warner Bros. is well versed in the intricacies of international theme park management. The facility in Germany will be modeled after Warner Bros. Movie World on Australia's Gold Coast, which has operated successfully since its opening in 1991. In addition, the company operates Sea World of Australia

(not affiliated with the Sea World parks in the US), Wet and Wild in Australia, and all the Six Flags parks in the US.

According to Nicholas Winslow, executive vice president for Warner Bros. Recreation Enterprises, the company considered a number of locations in Europe. It chose this one—the site of the former Bavaria Film Park—for four major reasons.

"First was the sheer density of the population," Winslow said. "Second, Germans like to go to theme parks. They have a long history of patronizing carnivals and theme parks, plus they get a huge amount of vacation time."

"Third," he said, "this site has excellent access." Commuter trains will arrive at the park from the Feldhausen station, on the Oberhausen-Dorsten line. Warner Bros. is also talking with the Bundesbahn about constructing a seasonal platform to service the park directly.

Another reason for the company's decision to select this location was the cooperation of the German government on both a national and local level. "They really wanted us to come here," said Winslow, "and the state and city provided excellent incentives and extraordinary cooperation which continue to this day."

"You don't want to go in on a big project like this and have to fight city hall all the way," he explained. "The government of North Rhine-Westphalia is hinged on turning the state from an industrial economy into a service economy. We fit very much in their plan, so they gave us extra support."

At the official ground-breaking ceremony in May, Bottrop City Mayor Kurt Schmitz called the attraction a "landmark for structural change." German Prime Minister Johannes Rau stressed the high leisure value of the park and its importance to North Rhine-Westphalia's future as a media center.

Winslow added that the company has tried "very hard" to work with local residents and avoid any feelings of animosity that often accompany such projects. "Obviously in any project there are people who resist change," he said. "We really believe in being good neighbors, and we've placed a high priority on that."

Park plans necessitated a vote in the local legislature to change zoning laws. "We didn't get the votes of the Green Party or the Communists," Winslow

said, "but we got over 90 percent of the elected officials, and we were able to unify the Christian Democrats and the Social Democrats. We have very enthusiastic support from just about all ends of the political spectrum in this area."

Winslow added that this part of Germany, with an economy once heavily based on coal production now has a high rate of unemployment—approximately 12 percent in Bottrop itself. Winslow believes German officials see the park as an opportunity to help alleviate that.

The \$210 million enterprise will create approximately 900 full-time jobs—100 permanent and 800 seasonal. During peak season, additional part-time workers will be hired. In looking for a co-investor for the project, Warner Bros. approached a number of potential partners. "Our policy on a project like this is to have a local partner," Winslow explained. "We think it just makes good sense to have someone in the country who understands the market and other strategic issues."

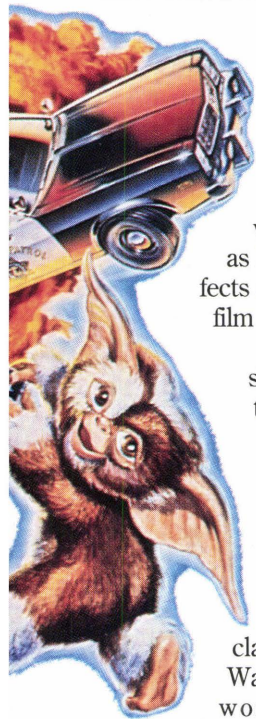
The company decided on Germany's Nixdorf family, heirs to Nixdorf Computer AG, now Siemens/Nixdorf. The family already is a partner with Warner Bros. in a-tv, a news cable channel. Both partnerships are with the Nixdorf family, not the computer company.

Warner Bros. is also soliciting corporate sponsorship for various attractions throughout the park.

Any discussion of new theme parks in Europe invariably gets around to a comparison to Euro Disney, the problem-plagued theme park that opened in France in 1992. "We don't want to be anti-Euro Disney," said Winslow. "We have a great deal of faith in the theme park market in Europe. It's doing very, very well, and we want to be part of it."

Warner Bros. is already looking at two other locations in Europe for possible additional parks, although Winslow would not specify where. The company owns and operates two multiplex cinemas in Gelsenkirchen and Mülheim and will open the first Warner Bros. Studio Store in Berlin this September. You can be sure the shelves will be stocked with all manner of paraphernalia featuring Daffy Duck, Elmer Fudd, and their looney friends. ☺

Elisabeth Farrell is a writer based in Florida.



Mention the name Hamburg in genteel company and a reaction of polite bemusement is guaranteed. For folks who have never stopped here, Hamburg is simply an important port on the shores of a misty northern sea. A city whose claim to fame rests in a notorious street of ill repute. But a place to visit?

Well...absolutely! The first surprise is reason enough. Hamburg is a handsome city with much to offer. Moreover, it is not only Germany's second largest city and a port of major dimensions, but also a commercial hub with statistics ranking it among more celebrated counterparts. A third string to its bow is a remarkable history as a charter member of the old Hanseatic League set against a tapestry of rich cultural achievement.

A millpond not 10 feet deep is the heart, indeed very likely the soul, of this surprisingly diverse city, which was a swamp until the year 1250. At that time a dam was constructed across the sluggish Alster River where it flows into the broad Elbe. Thus was the impetus provided for

changing a sleepy local port 62 miles from the open sea into the dynamic metropolis of today. In these 750 odd years, lake, stream, flora, and fauna have attracted a fascinating variety of magnificent buildings to fashion an ideal mix of private and public spaces, recreational and business. Along the pristine shores of the Inner and Outer Alster—the "lake" was divided by the fine old Lombards Bridge—this translates into splendid patrician homes, clubs, and consulates which offset

the imposing facades of banks, insurance and shipping companies, and the white landmark Vier Jahreszeiten Hotel in whose comfortable spaces all of Hamburg's worlds eventually meet. If a city could be said to possess a family room, Hamburg's would be the Alster.

Crossing over the Reesendammbrücke, where all this began, and leaving behind the trendy Jungfernstieg, set your tiller for Hamburg's workshop, the great harbor on the Elbe. On the left is the new City Hall, inside which is the most fascinating testimony to a community's cultural interdependency. A series of dis-

A city with
surprises
around every
corner

By Kenneth Asch

HAMBURG

Looming above the Elbe, Hamburg's *Speicherstadt* or "Warehouse City" recalls the days when a merchant's storehouse and his home were one and the same.

crete doors links two adjoining addresses, the Stock Exchange and Chamber of Commerce, Germany's oldest (established 1665). In fact, City Hall was built onto its neighbors, clear evidence that Hamburg's politicians grasped the value of proximity where it really counted.

Although Hamburg suffered horrific bombardment in 1943, key parts of the city escaped intact, and much work has been done to restore its finest properties. As you approach the Elbe an excellent example of such restoration appears in the form of the world's largest *Speicherstadt* (warehouse city). Well over 100 years old these buildings shaped the look of modern Hamburg. The old townhouses on historic Deichstrasse recall the days when a merchant's home and warehouse were one and the same. These fine red brick structures, with their parapets, spires, and tiny balconies—the very picture



of gothic cathedrals—hardly resemble anything as prosaic as storehouses of oriental rugs, ginger, tea, coffee, and spices.

Restoration was achieved with private funding, and the exemplary results have paid off in a spectacular influx into the area of corporate offices and no less than handsome coverage in the international media.

After a dip in 1988, Hamburg has been recording steadily better growth than other parts of Germany and Europe. On a per capita basis it has been the country's most prosperous state—as a charter member of the Hanseatic League, Hamburg's status has for long been that of an independent city state—for as long as the Federal Republic of Germany has kept statistics.

The past seven years have seen companies invest \$3.4 billion to establish a presence in this marketplace. Slightly more than 25 percent has come from 611 companies new to Hamburg and much of this from outside Germany and even Europe. The city now hosts more than 100 companies from China, one-quarter of which were registered in 1993. Taiwan, Korea, and the US are also well represented.

A glance at the list of Hamburg's 46 companies with the highest turnovers reveals how much the port has influenced economic structure. For 800 years, Hamburg has built ships. It still does, and pictures of such legendary vessels as the QE2 in dry-dock here furnish the dramatic proof. This major European seaport crucially is the most easterly link in the chain of great North Sea ports and is perceived as the most westerly Baltic port thanks to the Kiel Canal linking the lower Elbe with Kiel Fjord. Sleek white ships of Scandinavian Seaways, tying up briefly at the Ocean Terminal, are regular reminders of distant ports of call. More than 180 import-export firms, 80 oceangoing and 160 coastal going shipping lines, 200 ship's brokers, 200 merchant banks, and 100 transport insurers contribute to placing Hamburg in the front rank, especially as a fast port where goods are handled round the clock with remarkable efficiency.

Today Hamburg is famous for aircraft. Deutsche Aerospace and Lufthansa head a 25,000-strong workforce employed in the industry, 10,000 of which work at Lufthansa's impressive 800,000 square meter technical facility. Altogether more than \$1.5 billion have been invested in the city's aviation sector over the past five years, exclusive of its brand new terminal.

Attesting to the city's superb infrastructure, as well as its sophisticated linkage between research and business, is the choice made by such companies as Phillips and Panasonic to establish key production and development facilities here. Perhaps it is Hamburg's tradition of free speech and very free thought; perhaps it is because it was the only place in Germany where paper was easily available after 1945, but Hamburg accounts for a staggering 50 percent of the nation's circulation of daily, weekly, and monthly newspapers and journals. And some 40 percent of those people involved in the nation's media and related technologies reside in greater Hamburg. Five major television stations and dozens of recording companies operate from here. Considering that the city's Commercial Library (established 1735) is the world's oldest of its kind, Hamburg thrives in its prominence as a national opinion maker. ☺

Kenneth Asch is a writer based in London.

Vital Statistics

Location: Where the rivers Alster and Elbe join, 62 miles inland from the North Sea, 178 miles to Berlin, 270 miles to Cologne, 310 miles to Frankfurt, 380 miles to the Czech border (by Elbe steamer).

Population: 1.7 million, metropolitan area 2.8 million

Area: 468 square miles

Contacts

Telephone/Fax: International dialing code for Germany is 49 and the city code for Hamburg is 40.

Chamber of Commerce, Stock Exchange, tel. (49) 40 361 380, fax: (49) 40 361 3 8401

Hamburg Tourist Office, tel. (49) 40 300510, fax: (49) 40 3005 1254

Hotels

Vier Jahreszeiten, 5-star, 19th century family hotel recently sold into Japanese private hands, a Hamburg tradition. Elegant, peaceful, comfortable. Superb central location overlooking the Inner Alster. Excellent cuisine. Italian GM. tel. (49) 40 34940, fax: (49) 40 349 4602.

SAS Plaza Hotel, located in the beautiful botanical gardens, Pflanzen und Blumen. Direct access to Hamburg Congress Center. tel. (49) 40 35020, fax: (49) 40 350 2333.

Atlantic Kempinski, on the Outer Alster, debuted in 1909 as a grand hotel for passengers of the great trans-Atlantic liners. tel. (49) 40 28880, fax: (49) 40 247 129.

Holiday Inn Crowne Plaza, City Center location. tel. (49) 40 228 060, fax: (49) 40 220 8708.

Restaurants

Old Commercial Rooms, since 1648, traces roots to British Merchant Marina, specializing in Hamburg fish, lobsters, oysters. tel. (49) 40 36638.

Der Alte Hamburger Aalspeicher, typical Hamburg fish restaurant, in the old city. tel. (49) 40 362 990.

Fischereihafen, one of the most popular fish and shellfish restaurants and the one with the view over the

harbor. tel. (49) 40 381 816.

L'Auberge Française, exalted provençal dining in small and comfortable surroundings. tel. (49) 40 410 2532.

Smetana, new Prague cuisine (a most unusual *palatschinken*) in a fine old converted house (opposite offices of celebrated Hamburg fashion house Jil Sander). tel. (49) 40 446 082.

Himalaya, opened in Feb. '94, specializing in Indian-Pakistani fare.

Le Canard, for nouvelle cuisine. tel. (49) 40 880 5057.

Block House, a chain of steakhouses, excellent value, cozy atmosphere. tel. (49) 40 443 130.

Alster Pavillon, completely renovated cafe/restaurant with outdoor terraces on the Inner Alster. Excellent dessert buffet, recalling the building's noble French link in the 18th century. An extremely popular Hamburg meeting place. tel. (49) 40 355 0920.

Things to do

Hans Albers Museum and Grosse Freiheit, being the bar of film fame and of celebrated German film artist Hans Albers. Located in St. Pauli (Reeperbahn). tel. (49) 40 317 1151.

Kunsthalle, Hamburg's museum of modern art looks ahead to a permanent link with New York's Guggenheim.

Erotic Museum (Reeperbahn), probably the world's most interesting of its kind. A must-see. tel. (49) 40 317 4757.

Historic Emigration Office, a microfilm archive of European emigration to North America. Passenger lists for all ships departing Hamburg between 1850 and 1914. A stamped certificate containing details of shops, dates of sailings, destinations, etc. available for small fee. tel. (49) 40 300 51520.

New Television Tower ("Tele-Michel" to locals), Hamburg's tallest structure at 279.8 meters. Fantastic panoramic view, as well as revolving restaurant. Adjacent to the new Exhibition Center. tel. (49) 40 438 024

Last Minute Theater/Concert/Show Ticket Outlet, in the Hansa Viertel (Postrasse). tel. (49) 40 353 565.

Looking for the New Mr. Europe

**Corfu Summit
proves to be
a drama,
not a crisis.**

By Lionel Barber



The European Council in Corfu will best be remembered for the failure to agree to a successor to Mr. Jacques Delors as president of the European Commission. The UK vetoed Mr. Jean-Luc Dehaene, the Belgian prime minister and overwhelming favorite.

Mr. John Major's refusal to accept Mr. Dehaene left Germany with the task of finding a new candidate when it takes over the rotating EU presidency from Greece on July 1. Chancellor Helmut Kohl called an emergency summit on July 15 in Brussels to settle the succession question.

German hopes rest on a new candidate being able to win the unanimous backing of the 12 EU member states necessary to proceed. Diplomats said

European Commission President Jacques Delors will leave behind a legacy of progress toward European union when he steps down at the end of this year.

an agreement at the Brussels summit would allow the Commission President-designate to appear on schedule before the newly elected European Parliament on July 19 at its inaugural session in Strasbourg.

Failure could provoke MEPs into putting forward their own draft candidate, provoking an institutional crisis between the Parliament and the member states. Yet there appears to be a reasonable chance of preventing the row over the Delors succession from escalating. Mr. Kohl, who saw Mr. Dehaene as something of a protégé, made clear he was prepared to switch candidates in order to reach a compromise.

The spat over the Delors succession obscured useful work during the Corfu Summit which included a flying visit by President Boris Yeltsin of Russia who signed a "partnership and cooperation" agreement with the European Union, the agreement, which deepens trade ties and political relations between the EU and Russia, holds out the prospect of opening negotiations in 1998 on a free trade area.

The terms are similar to the EU's pact with Ukraine signed in early June. Gradually, the EU is putting in place the building blocks of a post-communist Europe, an impression reinforced by the arrival in Corfu of the leaders of Austria, Finland, Sweden, and Norway. They signed their accession treaties, aimed at bringing them into the Union next year. Austria has already approved entry terms in a referendum; but the three Nordic countries must pass the test of popular opinion in ballots this autumn.

On the economic front, EU leaders struck a balance between a commitment to deregulation in labor markets and telecommunications, and strong endorsement of social policy in the single market and public investment in infrastructure. Highlights include:

- A fast-track approach to liberalizing telecommunications infrastructure across the EU. This would encourage governments to open up radio and microwave technology, as well as existing cable networks capable of being adapted to public "voice" services.

- Agreement on a priority list of 11 transport links, including high-speed train connections across the Channel,

through Austria's Brenner Pass, and south from France to Spain and Italy, and north to Germany. Leaders left open the possibility of raising new EU funds if the private sector-national budgets prove inadequate to the task.

- A \$570 million pledge of aid to Ukraine to shut down the Chernobyl nuclear plant and replace it with nuclear reactors, plus a comprehensive reform of Ukraine's energy policy.

- The creation of a "reflection group" to begin work in June 1995 on the constitutional review of EU decision-making at an intergovernmental conference in 1996. The group will contain appointees from foreign ministers of the 12 and the Commission President, as well as two representatives of the European Parliament.

Mr. Kohl would like Mr. Delors to chair the "reflection group"—a tribute to his central role in driving forward European integration since he took over the post of Commission President in 1985. The 1992 single European market, the European Economic Area, the grand design for political and monetary union which ended up as the Maastricht treaty—all bear his indelible mark. Together they explain the background to the controversy over his successor.

The European Commission President is the public face of the Union. He heads a staff of more than 15,000 civil servants. His organization is the guardian and enforcer of the 1957 Treaty of Rome and successor treaties. The Commission serves as umpire in disputes between member states; but it is also the protector of the smaller countries. It also has the sole right of legislative initiative.

Under Mr. Delors, the power of the presidency expanded. The Commission turned activist. Dozens of new EU laws flowed out of Brussels, mainly to harmonize national legislation to build a single market. But this activism produced a backlash among member states, leaving the majority reluctant to countenance a Commission President likely to prove too independent of national capitals.

Mr. Dehaene seemed a suitable candidate to succeed Mr. Delors. A Flemish Christian Democrat whose career

advanced under the trade union of the party, he enjoyed a reputation in his native Belgium as "Mr. Fixit"—a down-to-earth politician with a knack for reaching compromises. His backers suggest he would have been well placed to tackle the task of finding a consensus between member states such as Germany and the Benelux countries, who favored deeper political integration and those such as the UK and Denmark who want a looser Union.

Mr. Dehaene's candidacy was supported strongly by France and Germany—too strongly, as it turned out. The Netherlands resented German opposition to Mr. Ruud Lubbers, the outgoing Dutch prime minister whose 12 years in office gave him the edge in experience. Italy, Portugal, and Spain all harbored doubts about the France-German assumption that their own preference for Mr. Dehaene would be rubber-stamped by the rest of the Union.

Mr. John Major, British prime minister, exploited this undercurrent of opposition and vetoed Mr. Dehaene. Many UK commentators suggested that his decision was linked closely with the need to shore up support for his premiership among the Tory Euroskeptics at Westminster, whatever the case, his veto threw the Delors succession wide open.

As *EUROPE* went to press, several new names were floating about Brussels. Mr. Giuliano Amato and Mr. Carlo Ciampi, the former Italian prime ministers who steered Italy through its political upheaval were being tipped, so too Mr. Renato Ruggiero, a former Italian minister also in the running to head the World Trade Organization. Other credible candidates include Viscount Etienne Davignon, a former EU industry commissioner; Mr. Anibal Cavaco Silva, prime minister of Portugal; or even Prime Minister Felipe González of Spain who is well liked by Mr. Kohl. Insiders say that Mr. Lubbers could still be a candidate.

There is no shortage of names, though finding a solution by July 15 looks a little tight. In retrospect, the delay in finding a successor to Mr. Delors looks more like a drama than a crisis. ☹

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

You couldn't really say that Europe turned right or left or indeed delivered much of a clear political message at all when EU voters went to the polls in the European Parliamentary elections in June. True, the left won a massive victory in the United Kingdom, but it's also true that the right wing did well everywhere else. And while parties that want to put an end to further European union did strikingly well in France, Chancellor Kohl scored an upset victory in Germany by urging precisely the opposite.

What the voters were saying, if anything, was that the time has not yet arrived for *European* elections, fought and won on the basis of purely European issues. In terms of how people made up their minds, what we saw was more or less 12 national polls occurring at the same time. And this was done without much enthusiasm—at just 56.5 percent the turnout was the lowest ever for such elections.

Does the European Parliament itself matter very much? Some people would answer yes, with the acknowledgment that the Parliament's true importance is yet to come. If there is eventually going to be a genuine economic and political union of the member countries then a democratically

European Parliament Elections *By Alan Osborn*

elected Parliament will be indispensable, but such a body cannot be whistled up overnight. It will have to grow in authority over decades. The elections every five years are part of that process even if they mean that people dedicated to slowing it down are elected.

In size only may the European Parliament be compared with the US Congress. There are 567 Euro-MPs divided between 12 countries according to population so that Germany has 99 seats and Luxembourg 6. Their powers are essentially negative ones. They can veto legislation in 15 areas, including the internal market, health and safety, environment, and consumer protection; they have a say in the choice of the new Commission and its president; and their formal approval must be given for international treaties such as GATT. Most important of all, the Parliament has a measure of control over the allocation of the EU's \$80 billion annual budget, though not in tax policy.

To those familiar with the brisk political cut and thrust that follows American elections, the long haggling over power between the parties represented in Strasbourg (nearly 100 of them) will seem incomprehensible. Probably not until the end of the year will we be able to judge the balance between the alliances of left and those of the right and even then this may change for different issues. What we can do at this stage is look at some of the key factors.

The Socialists, their ranks swollen by the big gains in the UK, will, with their close allies, have command of 213 of the 567 seats, and this could be augmented by the 23 Greens on specific policies. They will be powerful and well-knit. By contrast the main center-right group, the European Peoples Party (EPP) has 148 seats though this could be levered up to more than 200 with the support of the Liberals and others on the political right.

The big question mark here is how well the core EPP,

which is dominated by the pro-union German Christian Democrats, can cohabit with the new intake of right wingers who are for the most part fiercely opposed to any deepening of European union. There are further complications: the present EPP president Leo Tindemans has already said his group does not want any association with Silvio Berlusconi's Forza Italia because of the latter's closeness to Italian neofascists.

Just as fascinating will be the attitude taken by the French splinter parties, in particular L'Autre Europe, which got 12.4 percent of the French vote and will have 13 Euro-MPs—not far short of the 16 won by President Mitterrand's Socialists. L'Autre Europe's influence will be reinforced by the wealth and forceful personality of its main backer, the Anglo-French financier Sir James Goldsmith, and by its leader, Philippe de Villiers, a maverick right-winger of impeccable aristocratic stock. Its agenda is likely to reflect the views of Mr. de Villiers: against abortion, contraception, and mass immigration; contemptuous of secrecy and bureaucracy; and, most importantly, ferociously opposed to the Maastricht Treaty for furthering European union.

Chancellor Kohl's victory in Germany by contrast was achieved without even a token concession to the so-called Euro-skeptics, and this in turn raises the intriguing, and to some people unsettling, question of whether Germany might soon become the only important EU country with a government passionately devoted to the cause of European union.

What then of the people of the new Assembly? Who might emerge as the political stars of a future Europe?

Sir James Goldsmith and Mr. de Villiers must be counted among them, though their physical presence in Strasbourg may not be constant. By contrast we might expect unrelenting media attention to be paid to the internationally known Greek singer Nana Mouskouri of the heavy spectacles, long black hair, and countless gold discs. Elected as a member of the Greek right wing New Democracy party, Ms. Mouskouri has cheerfully preempted critics by saying that she knows "nothing" of politics and is "frightened" by the subject.

Other prominent women include Glenys Kinnock, wife of Neil Kinnock, the former leader of the British Labor Party and, according to some, the power behind him, as well as the stylish Elisabeth Guigou, former French minister for Europe.

Another familiar face (and equally well dressed figure) from French politics will be that of Jack Lang, former culture minister. From France also comes a name calculated to inspire wonder—that of Charles de Gaulle, grandson of the general, in the ranks of L'Autre Europe. The city of Marseilles furnishes us with the magnetic Bernard Tapie, a self-made businessman and "Robin Hood" figure heading his own left wing Radical Energy Group.

The colorful former European Commissioner for the Environment Carlo Ripa di Meana will represent the Italian Greens while Belgium's former prime minister, the veteran statesman, Wilfried Martens, will join his colleague Mr. Tindemans in the EPP group. Neither of the latter men is famous for his charisma, but both are considered frontrunners for the post of President of the Parliament in due course. ☺

Alan Osborn, based in London, is a long-time writer on European affairs.

When the wall fell in November 1989, hundreds of thousands of West Germans thronged to the *Altstadt* (Old Town) of Weimar, the heart of German culture. In communist-ruled East Germany, West Germans were barred from visiting the small town, which was the center of European cultural life in the 18th and 19th centuries. Weimar's association with great writers, artists and philosophers such as Goethe, Schiller, Bach, Liszt, Wagner, and Nietzsche is a source of worldwide fascination. While 40 years of "progress of socialist reconstruction" have left deep scars of destruction in former East German cities, Weimar, which was the showcase of the Communist regime, was spared from major catastrophe. Still, one-third of the historical town was allowed to decay.

Now that Weimar has been chosen by the 12 EU Cultural Ministers to serve as Europe's Cultural Capital in 1999, the city fathers and its 60,000 inhabitants hope that with the help of EU, state, and federal funds, the rebuilding of Weimar will be accelerated.

Mayor Klaus Blüttner has pointed to the significance of the year 1999. It will be Goethe's 250th birthday; the 80th anniversary of the founding of Bauhaus; the 1100th jubilee of the city of Weimar; the 50th anniversary of the Federal Republic; and it will mark the 10th anniversary of the fall of the Berlin Wall. It

Letter from Weimar



A bronze monument to two of Weimar's favorite sons, Goethe and Schiller, stands in front of the German National Theater.

was here in Weimar in 1919 that the Weimar Constitution was drawn up in the Deutsche National Theater, the matrix of the first viable (albeit ill-fated) German democracy.

Weimar will present itself in 1999 as a city of literature, music, drama, and art. The first step was taken last year, when Goethe's *Urfaust* was performed during the Art Festival in a specially built theater designed to pay homage to the town's unofficial patron saint and undisputed favorite son.

Johann Wolfgang von

Goethe was already a famous poet in Frankfurt when he moved to the small town of Weimar in 1775 at the invitation of the young Duke Carl August. He lived in this city for almost 60 years until his death in 1832.

When he was 30 years old, Goethe became a government minister. In the course of his long life he was in charge of road construction, mining and waterways, finances, universities, theater, and art. At one point, Goethe was Minister of War of the Grand Duchy of Weimar.

But the daily bureaucratic chores consumed much of his poetic powers. In 1786 he freed himself from all obligations and went to Italy. The direct contact with classical culture during his Italian sojourn helped shape his plays *Iphigenie auf Tauris* and *Torquato Tasso* and the poems *Römische Elegien* and helped Goethe to "find himself." Goethe's aesthetic theories were sharpened by his friendship and correspondence with the poet Friedrich von Schiller. With his autobiography *Dichtung und Wahrheit* and his greatest drama *Faust* (Part I and Part II) Goethe became very well known as a poet.

Like a magnet, Goethe and the other intellectuals and artists that called Weimar home drew visitors to the city from all over the world. Their memory continues to draw tourists today, as many of Weimar's important buildings are associated with Goethe, Schiller, and their contemporaries. In and around Weimar 30 official memorials remind one of the town's golden age. There is a bronze monument to Goethe and Schiller in front of the German National Theater; a Goethe-Schiller Mausoleum; a Goethe-Schiller Archives; the Goethe National Museum of the Frauenplan (occupying the baroque house where the poet lived) and his summer garden house in the splendid park on the river Ilm; the homes of Schiller and Franz Liszt; the Liszt Museum; the Franz Liszt College of Music; and an archive of Friedrich

Nietzsche (who died in 1900 at Humboldtstrasse 36). Hardly any other German city can boast of so many important cultural sites.

Walter Gropius, the founder of the Bauhaus, Lyonel Feininger, Paul Klee, Wassily Kandinsky, Gerhard Marcks, and Oskar Schlemmer taught in Weimar and developed a new bold style that influenced everything from house design to tea sets. However, eight years before the seizure of power by the Nazis in 1933 the "Staatliche Bauhaus of Weimar" had to move to Dessau because of mob attacks.

The lack of a big museum is painfully felt in Weimar. As a result, an impressive collection of Bauhaus objects remains locked in storage. The Thüringische Landesmuseum (near the station) was opened in 1869 and was not hit by bombs during World War II; however, it was left to decay in the 1950s like many other historical houses in the Old Town. Fortunately, the Schlossmuseum with its impressive art collection (Cranach, Friedrich, Monet) had been in a shockingly bad state and has been recently restored.

Most townspeople recognize the need for improved cultural facilities, but many express fears that Weimar may become a tourist town, à la Heidelberg. Mass tourism, which can often destroy what it seeks to promote, poses for Weimar very difficult problems. How can the city play the role of the world's intellectual center and still retain its quaint provinciality?

Besides the Thüringische Landesmuseum and the Schlossmuseum, the town is home to a number of other notable landmarks, many restored since World War II. The Wittums Palace (1767), Weimar Castle (1790), Belvedere Castle (1724), Tiefurt Castle with its lovely

park and Saint Peter and Paul Church, with an altarpiece by Lucas Cranach and his son.

Music lovers should visit Weimar in March (Bach days) or in October (Liszt days). Johann Sebastian Bach lived and worked in Weimar from 1708–1717 and Franz Liszt from 1842–1861. Theater lovers will savor the annual Art Festival in May and June.

Only a few miles from the city of classic culture on the Etterberg where Goethe felt "great and free," the Nazis erected the concentration camp KZ Buchenwald, where more than 56,000 people were murdered. Here too, many visitors may be reminded of Goethe, who once lamented, "Frequently I feel bitter pain thinking of the German people who are so respectable individually but so miserable as a whole."

—Wanda Menke-Glückert

PARIS

CELEBRATING THE LITTLE PRINCE

A special 50-franc note is circulating in France. A biplane is pictured on the back, and on the front, beside the close-up of a balding man with hooded, penetrating eyes, is a drawing of a little blond boy with a flower at his feet and stars above his head. In one corner is something that looks like a hat. But millions of children and grown-ups around the world will know instantly that it is in fact a boa constrictor which has swallowed an elephant and that it comes from *Le Petit Prince* (The Little Prince), written and illustrated by Antoine de Saint-Exupéry.

Saint-Exupéry is being remembered this year, on the 50th anniversary of his death, as much more than the author of one of the most popular and enchanting fables

ever written. Born an aristocrat, he was also a gifted mathematician, inventor, artist, philosopher, and a celebrated war hero who lived in exile in the United States for two years because he refused to support the Vichy regime of World War II. But above all, he was an explorer of the skies—one of the pioneers of French aviation. His exploits, both as a civilian and military pilot, made him a legend during his lifetime and the manner in which he died, or rather vanished at age 44, has confirmed his mythical status.

On July 31, 1944, Saint-Exupéry took off from Corsica on a photo reconnaissance mission over the French Alps and was never seen again. The Lockheed Lightning he was flying was never found. The Germans reportedly did not shoot down any planes in the area that day and since Saint-Exupéry was meticulous about checking his aircraft over before a flight, a mechanical failure also seems unlikely.

With those two obvious explanations seemingly ruled out, his disappearance is an unsolved mystery that still excites speculation half a century later. One early theory, put forward by his own mother, was that Saint-Exupéry was so disheartened by what he saw as the increasing de-humanization of the world around him that he fled to a monastery. An even bleaker view, just published by the historian Emmanuel Chadeau, is that of a death wish, a "suicide by default, the refusal to face up to life."

It is true that in spite of an action-packed career—he survived numerous close calls and two nearly fatal crashes—Saint-Exupéry was a pensive man. He agonized over the fragility of happiness and love, both of which always seemed to elude him. In his writings (six books and several shorter pieces) he

combined spell-binding descriptions of his experiences as a pilot with meditations on friendship, self-sacrifice, and loyalty, all of which he feared were disappearing. As he wrote in *Le Petit Prince*: "Men have no time anymore to understand anything. They buy things ready-made at the shops. But there is no shop where you can buy friendship, and so men have no friends anymore."

However he died—by suicide or accident—there is now a possibility that his body has been found. In the little town of Carqueiranne on the south coast of France, an unknown soldier lies buried, and on the sea-bed nearby, an airplane-shaped object has been located. But the family of Saint-Exupéry has refused to have the body exhumed, because it believes that he should be left to rest in peace now, wherever he may be.

The 50 franc note, by the way, has turned out to be special in a way that the Bank of France never anticipated. A printing error has added an extra accent to the first "E" of Saint Exupéry, making the note a collectors' item of more than just sentimental value.

—Ester Laushway

LUXEMBOURG

EU CITY OF CULTURE

As the EU's Cultural Capital of Europe in 1995, the city known as the "Little Fortress" will launch a year-long, nationwide, operatic procession of art, music, and theater events in January to discover and celebrate the artistic accomplishments of the Grand Duchy and all of Europe.

The "Cities" or "Capitals" of Culture program was initiated more than a decade ago by Melina Mercouri, the late actress and former Greek Minister of Culture. The most successful programs to date

have been Glasgow's in 1990 and Antwerp's in 1993. Lisbon is this year's host, offering a broad variety of events and exhibitions underscoring the city's own cultural resources and emphasizing its links to Europe and the world.

Luxembourg's theme is going to be "Dialogue," stressing interchange between social groups and generations and examining the city's relationship with the rest of the country, Europe and the world. The theme echoes the tiny country's day to day dealings with its diverse residents, about 30 percent of whom are non-Luxembourgers in origin.

"Culture as a means of provoking a dialogue between the social groups, between Luxembourgers and their guests from all over the world, is becoming daily more vital as distrust, ignorance, and fear of others lead to more and more frequent outbreaks of racism and xenophobia," the Luxembourg '95 literature says.

Since the 10th century, Luxembourg has been at the crossroads of waves of conquest and retreat by Europe's northern and southern empires. In 1995, Luxembourg will serve as Europe's crossroads of culture, reinvigorating the country's rich history and broadening the Grand Duchy's existing central role in Europe's financial markets and the governance of the European Union.

Next summer, a complex of tents called "Plateau du Saint Esprit" will be built in the city for artists, musicians, clowns, and singers, echoing the Medieval age when bands of troubadours traveled to perform and earn money.

In addition to the events staged in this open-air theater in the round, some of the highlights planned for next year include: a 400-drawing exhibition of Modigliani (Jan-

uary); "Confrontation," an exhibit of 111 Belgian and Luxembourgian contemporary painters (March); "Small Time," a contemporary opera written and composed by Luxembourgier Gast Waltzing (April); major works of art from the collection of the Prince of Liechtenstein (July); the European piano competition (November); and a commemoration of the 100th anniversary of the invention of film (December).



Cod fishermen supply the Portuguese with their national dish.

In the midst of next year's cultural activities will be an Olympic-like event for small European states, running from May 29 to June 3. More than 1,000 athletes have been invited from Malta, Iceland, Cyprus, Liechtenstein, San Marino, Monaco, and Andorra. They will compete in athletics, basketball, cycling, judo, swimming, table tennis, lawn tennis, and volleyball. In 1995 Luxembourg will celebrate both body and mind.

—James D. Spellman

LISBON

FISH POLITICS

When Portugal raised its voice during the negotiations on admitting Norway, Sweden, Finland, and Austria to the European Union, at stake was nothing less than the Portuguese national dish: salted cod or, as the Portuguese call it *bacalhau*. Portugal, along with Spain,

threatened to block an agreement, unless its long-range fishing fleet was allowed to substantially increase its quota of cod catches in Norwegian waters. Agreement was finally reached in March when Norway agreed to allow Portuguese vessels to take some 9,500 tons of fish in 1995, almost doubling its present quota of around 5,000 tons per year. The accord paved the way for negotiating the EU's complicated voting

procedure, greatly speeding the admission of the four new members.

As strange as it may seem, the politics of cod fishing is centuries old. Ever since the 15th century, when the Portuguese discoverers took the preserved, salted fish on their long, daring voyages, *bacalhau* has been the national dish, even though it is in fact a foreign fish. Around 90 percent of all cod is imported from Norway and Iceland. The cod fishing industry accounts for 25 percent of Iceland's gross national product. Every year, Portugal spends some \$600 million on importing this foreign fish to satisfy a demand of more than 100,000 tons of *bacalhau*.

Tradition has it that there are 365 ways of preparing the national dish: one for each day of the year. The dried salted cod is first soaked in water, in order to get rid of the salt that has preserved it. Then it is either stewed, baked, or fried.

One delicious way of preparing the national dish is to fry a piece of cod, leave it to simmer in a special sauce made of onions, garlic, port wine, olive oil, pepper, bay leaf, and tarragon, and then serve it with breaded potatoes.

Many foreigners shy away from *bacalhau* because of its odor, its very salty taste, and its stringy consistency, but Portuguese nutritionists say that both *bacalhau* and the olive oil used to prepare it are good for the heart. That is one reason why they are worried that rapid changes in eating habits, which started when Portugal joined the European Union in 1986 and opened up to the fast food culture, may herald an increase in heart disorders.

But for the time being *bacalhau* remains a firm favorite in Portuguese homes, and most restaurants will have at least one *bacalhau* dish on the menu, especially on Monday, when there is little fresh fish. While the general public in Portugal may ignore many European affairs, EU enlargement was one issue that could not be kept out of the country's kitchens.

—Peter Miles

ATHENS

SHIPOWNERS RENEW THEIR FLEETS

Spurred by tighter environmental regulations, notably in the United States, Greek shipowners are spending billions of dollars to renew their fleets.

It is not just purchases of secondhand vessels that are involved. Greece's biggest owners have spent an estimated \$5 billion in the past six years on new vessels. Almost 100 ships are now on order at shipyards in Europe and Southeast Asia.

The Oil Pollution Act of 1990, which bans tankers

built after 1990 from American waters unless they are double-hulled, has done much to promote new building by Greek owners, who anticipate that the European Union will eventually impose similar measures.

Two-thirds of the world's tanker fleet is more than 15 years old and approaching retirement age. However, Greek owners control over 15 percent of the world's tanker tonnage, and many argue that good maintenance can increase a vessel's life span well beyond 20 years. These same critics charge that most shipping accidents are caused by human error.

Nonetheless, an increasing number of Greek owners now accept the need for replacing tonnage, especially supertankers built in the early 1970s. This new demand has given the international shipbuilding industry a shot in the arm. The Onassis group, the biggest investor in new tonnage, has already taken delivery of one double-hulled 303,000 ton supertanker and has another on order in Japan.

Shipyards in Eastern Europe, no longer restricted to building for their state-controlled fleets, offer good value, according to Greek owners. The Xardinoyannis shipping and oil refining group has a series of vessels on order in the Ukraine at a cost of over \$200 million. In Romania, Greek owners have taken over contracts for ships that were partially completed.

The enthusiasm for new building extends to passenger ships too. Chandris Lines is spending \$1.5 billion on five luxury cruise ships, all constructed in Germany. Each will carry at least 1,300 passengers on cruises to exotic locales like the Caribbean.

With domestic competition growing fiercer, passenger ferry operators in the Aegean and the Adriatic are

starting to order new, faster ships. Minoan Lines, based on the island of Crete, has ordered two new, fast ferries from a Norwegian yard at a cost of \$150 million. Its rival, Attica Enterprises, has two similar ferries on order in Germany. The ships will compete on the Adriatic crossing between Greece and Italy used by almost 2 million tourists yearly and a growing number of truckers whose overland routes have been blocked by the war in the former Yugoslavia.

Instead of taking the long way round through Bulgaria, Romania, and Hungary, more trucks are traveling by sea. Similarly, tourists who used to drive to Greece through Yugoslavia have also started to take the ferry. It is an opportunity not to be missed for Greek ferry operators, but with more than 50 vessels operating in summer, companies which run fast and comfortable ships will have a competitive edge.

—Kerin Hope

AMSTERDAM

CHANGING POLITICAL LANDSCAPE

By all standards, the general elections that took place in the Netherlands on May 3 made history. The two ruling parties of the outgoing Lubbers government lost their majority in Parliament. The Christian Democratic Party (CDA) lost almost 40 percent of their support and managed to hold on to just 34 of their 54 seats in the 150-member Parliament. Due to this electoral disaster, the junior governing party, the Social Democrats, became the largest party, even while losing an unprecedented 12 seats, falling from 49 to 37 representatives.

The losses of these two major parties had been widely

predicted, but the election day returns came as a severe blow, particularly to the Christian Democrats. Since 1918, religiously affiliated parties like the CDA have uninterruptedly governed in the Netherlands, and they are widely considered to be the country's sole political power brokers. As one CDA politician said a few years ago: "We run this country."

But during the campaign, it looked as if the Christian Democrats might be excluded from power altogether. In the run up to the election, party leaders tried to emphasize the CDA's central role, warning that without a stable party of the political center, chaos would be inevitable. Their tactics met with only limited electoral success.

In part, the party's change of fortunes was caused by the leadership shift, when Lubbers stepped down after almost 13 years at the CDA's helm. His successor, Elco Brinkman, made a strategic error when he opted for a highly personalized campaign. Brinkman was hampered by his clumsy speaking skills and the public's impression that he has the "eyes of a laser beam" and the "emotional warmth of a refrigerator," as one commentator put it. In the end, open quarrels between Lubbers and Brinkman made clear to the public that the party was plagued by infighting and incapable of ruling.

The CDA's election day disaster was also fueled in part by religion. While Mr. Lubbers managed to attract secular voters, Mr. Brinkman did not. Old sentiments about the waning influence of Catholics in the CDA also played a role among Catholic voters unwilling to elect Brinkman, who is a Protestant. Groups like the farmers and the religious-right also turned their backs on the Christian Democrats at the

polls because they felt betrayed by the government's decision to cut agricultural subsidies and its support of a euthanasia law.

Finally, the authors of the party platform blundered by saying, a few weeks before the polls opened, that pensions should be frozen for the next four years. This caused a revolt among the elderly, another pillar of the CDA vote. Two completely new pensioners' parties were quickly formed and together gained seven seats in the newly elected Parliament.

The collapse of the Social Democrats on the other hand was limited, thanks in part to the successful campaign of its leader, the outgoing finance minister, Wim Kok. His party suffered a disastrous fall in popularity in 1991, when it agreed on curbing the ever expanding disability payments. Though Kok was responsible for that debacle, he managed to regain public confidence by cultivating his image as an astute finance minister and elder statesman, despite the fact that his party, with a heavy trade union influence, has made more promises on safeguarding the social security system than it probably can fulfill.

The big winners of the elections were the more conservative, free market-minded VVD and the left-leaning liberals of D66, a protest party formed in 1966—the last year in which the Dutch political landscape underwent such a substantial change. In hindsight, the events of 28 years ago were nothing compared to the watershed elections of 1994.

—Roel Janssen

BRUSSELS

ERASMUS AND TEMPUS PROGRAMS

Brussels is fortunate not only to house the main

institutions of the European Union but also to be the home of one of the world's leading French-speaking universities, the Université Libre de Bruxelles (ULB). Founded in 1834, following Belgian independence, it quickly established itself as a center for free inquiry and high standards of scholarship. Situated, as it were, just down the road from the EU Commission, it is not surprising that it is one of the universities which has taken the most advantage of the various educational projects which the EU has launched.

The most ambitious of these, so far, is the ERASMUS program, which now enables a large number of students within the EU, and more recently also in the EFTA countries, to pursue part of their studies in a European country other than their own. Then there is the LINGUA program, which is intended to improve language teaching throughout the Union, and which provides funds for the exchange of professors between universities and language schools in the different member states.

The TEMPUS program was founded in 1990 to help establish or improve the structures and syllabuses of higher education in the former communist states of Central and Eastern Europe. This effectively extends the scope of the ERASMUS and LINGUA programs to the borders of the former Soviet Union.

The ULB is currently involved in some 75 ERASMUS projects, 6 under the LINGUA program, and 25 under the TEMPUS program. At present, it is acting as host to some 300 students from other European universities, while 250 young men and women from the ULB are studying elsewhere, with the aid of EU funds.

One of the TEMPUS projects links the ULB with the University of Bucharest, and

there is an active interchange of professors between the two universities. In early May, I was asked to go to Bucharest to lecture on the media in Western countries, and my wife, who is a Professor of German at the ULB, gave a series of lectures on the Austrian post-war poet, Ingeborg Bachmann. Both of us were amazed by the warmth, enthusiasm, and curiosity shown by the Romanian students and by the excellent standard of their spoken English and German, despite the fact that few of them had ever visited a Western country.

Living in near penury, with a host of material obstacles to surmount, in a city still deeply scarred by the ravages of the Ceausescu regime, the spirit of the university community is remarkable. The impact which the students and teachers alike have on their Brussels colleagues is wholly positive.

Nevertheless we both returned from our visit with something of a guilty conscience. Had our stay in Romania, however personally enriching, been justified? Could the money have been better spent, for example, in buying books for the Bucharest University Library, which had been badly burned in the uprising against Ceausescu and was still desperately short of volumes in almost all disciplines? Or might it have paid for Romanian students to come to Brussels, as 30 young Hungarians had done last year? We shared an uneasy feeling that the answer was yes.

—Dick Leonard

MADRID

SPANISH BECOMES MORE EUROPEAN

Following suggestions from the European Union,

a group of academics meeting in Madrid voted to eliminate two letters from the Spanish language and in one blow either confuse or simplify things for the 300 million Spanish speakers around the world.

For centuries, the two phonemes "Ch" (pronounced "chuh") and "Ll" (pronounced "yuh") were treated as proper letters and had their own headings in dictionaries.

Now words beginning with "ch" like *chiste* (joke) and those beginning with "ll" like *llave* (key) will be listed in the appropriate place under "c" and "l".

The move by the Association of Spanish Language Academies at their 10th annual meeting was prompted by the European Union, which has pressed its member countries to adopt measures that will make it easier for standardizing computers and for translations.

The vote also goes a long way toward satisfying a ruling by the United Nations Educational, Scientific, and Cultural Organization (UNESCO), which is trying to rid Latin-derived alphabets of disparities.

However, not all the members of the Association of Spanish Language Academies were happy about the changes. Some of the Latin American delegates abstained in the voting, arguing that eliminating the two letters destroyed the uniqueness of the Spanish alphabet and was another symbol of North American domination and economic colonization of its Hispanic neighbors.

"The two letters have been done in by the dictates of the market and the Anglo-Saxon world," said one delegate from Central America.

"It will make things simpler for many of us," said one Spanish journalist. "But it will also take a while to get used to, and I'm sure it will be years before I remember that these two letters no longer

have their own sections in the dictionary."

Two years ago, the European Union swiftly backed down after its attempt to cleanse Spanish of the "enye"—the letter "n" with the tilde over it—triggered long and loud protests in Spanish government, academic, literary, and journalistic circles.

—Benjamin Jones

DUBLIN

BRIDGE OVER TROUBLED WATER

Back in 1846, as much of rural Ireland was in the grip of the Great Famine, a canal was dug by 7,000 undernourished men to link two of Ireland's greatest rivers, the Shannon and the Erne. It turned out to be an economic disaster as the railway system took over much of the expected freight traffic and only eight boats passed through the canal before it closed in 1860. A public inquiry described it as "one of the most shameful pieces of mismanagement in any country."

Now it has been reopened with the help of funding mainly from the EU but also from the United States through the International Fund for Ireland. The link used to be called the Ballinamore-Ballyconnell Canal after the two small towns at each end, but now it has the grander title, the Shannon-Erne Waterway. The new target is tourism not freight, as the 40 mile waterway and the two rivers are now the longest pleasure navigation in Europe totaling 250 miles from the city of Limerick in the south to the town of Belleek in the north.

There is another dimension to the waterway which gives it extra significance and made it an attractive project for EU funding.

The waterway links the two parts of Ireland divided politi-

cally and economically since 1921. This linkage across the political divide has given the waterway a symbolic significance as holding out the hope of an Ireland of the future where ancient quarrels will have been stilled permanently. At the ceremonies for the re-opening, the representative of the EU Commission, Carlo Trojan, Deputy Secretary-General, called the waterway "a quite unique example of an integrated European Union contribution to North-South cooperation." He pointed out that "although the canal forms the border between North and South for part of its length, it is no longer a factor of division and separation but an element in promoting cooperation and the starting point for joint structures of management, marketing, and economic development."

Left to decay for 120 years, the canal had to be almost entirely reconstructed. At a total

cost of \$45 million, the canal was deepened, the banks widened, and the 16 locks completely rebuilt with hidden concrete shells used to reinforce the original masonry blocks. The canal itself crosses some of the most remote and beautiful parts of northwest Ireland, but great efforts were made to protect the environment and the fishing for which the lakes along the canal were noted. One of the eight boats which passed through the original canal took three weeks to complete the 40 mile journey as the water level had to be continually raised along the way.

Now the journey takes just a couple of days, but no one should be in a hurry to pass through the countryside known to ancient historians as "the enchanted land of the De Danaan" or the People of the Goddess Dana, "a race of benevolent enchanters and enchantresses" who were the

gods of the pagan Celts. There are also good local pubs and restaurants for the nonbelievers.

—Joe Carroll

COPENHAGEN

UNEMPLOYED GET PAID LEAVE

Breaking the upward sloping unemployment curve is a political imperative for the Danish government. The four year term of the Danish Parliament, the *Folketing*, expires in December and the four party coalition government led by Social Democrat Poul Nyrup Rasmussen has made lower unemployment an integral part of its political platform since last year. But the pledge has been hard to honor. Spring figures showed an increase in unemployment to more than 12 percent, about double the US figure.

The government hopes that the Danish economic recovery, which may give Denmark a growth rate of 4 percent this year, will help counter unemployment. But the trump card is reducing the supply of labor by offering Danes leave from their jobs to make room for the unemployed. Danes on leave receive the equivalent of the maximum unemployment compensation, or about \$20,000 for the 12 months they are allowed to stay home.

More than 140,000 Danes are expected to be on leave this year, each taking an average of 39 weeks of paid rest. More than two-thirds are on parental leave, which employers must grant by law. The remainder ask for leave to seek additional vocational training or choose the sabbatical, requests which must also be honored by their employers. The openings created by these Danes on leave would

NEWSMAKERS

The only Russian not to have had his pension indexed to keep pace with the galloping inflation of the past two years, is **Mikhail Gorbachev**. The former Soviet President receives \$2.50 a month.

It is not surprising, then, that he has looked around for other ways of raising a little cash. Like former British Prime Minister **Margaret Thatcher**, he travels the international lecture circuit, an honorable and lucrative activity for the former head of state, which netted him close to \$200,000 in 1992.

Not all his public appearances are for profit. In June he agreed to be interviewed on MTV Europe, the satellite rock station, as part of their Vote European Campaign. He and fellow guest **Tansu Ciller**, the Turkish Prime Minister, were asked to en-

courage young people to vote in the European elections.

•••

This month, Sotheby's in London is auctioning off a collection of 128 objects which once belonged to the infamous British spy **Kim Philby**. Philby worked many years as a double agent for the KGB and finally fled to Moscow in 1963, where he lived as an honored citizen until his death in 1988 at the age of 76.

Among the memorabilia are letters from the author **Graham Greene**, the special present Philby received from the KGB for his 75th birthday, his felt hat, and the training manual he wrote to help Soviet agents infiltrate Great Britain.

His widow **Rufa** is also putting up for sale several objects that Philby inherited from two fellow spies he met in Cambridge who defected to the East like he did: a hat

belonging to **Guy Burgess** and a book on Marxist doctrine from **Donald MacLean**.

•••

After a first flying visit to Moscow in 1987, **Mathias Rust**, 26, now has a job there, working in a hotel and restaurant complex. The young German pilot who made international headlines when he landed his Cessna in Red Square, had to serve 14 months in a Russian jail for his stunt. But now all has been forgiven and the Russian authorities have granted him a visa.

Rust returned to the scene of his crime because he could not find a job in Germany. No one wanted to hire him—not because of his Russian escapade, but because four years later he was convicted of stabbing a young nurse and had to serve time in a German jail.

His new boss **Manfred**

Knoepke, who has been doing business for 20 years, was not put off by Rust's unstable past. He started him off as assistant manager but has now moved him to updating the company's computer system. "He is a very nice fellow and a fantastic organizer," says Knoepke. "But if you speak to him he has the brain of a professor and the life experience of a 14 year old."

•••

Anxious to avoid the impression that the burghers of his lovely city are given to bouts of drunken debauchery, **Alejandro Rojas-Marcos**, the mayor of Seville, abolished the traditional day off known as "Hangover Monday," which normally follows the seven day spring festival.

So the good people of Seville had to go to work as usual after a week-long bender during which they had put away 50,000 crates of

seem to provide the perfect tool for combating unemployment: temporary jobs for thousands of the jobless. Not so. Many of the temporary openings are never filled. Moreover, almost 40 percent of those on leave are already unemployed; they are quite literally taking leave from unemployment, a practice considered ludicrous by many Europeans, and Danes alike. Unemployment leave, they argue, is little more than a governmental guarantee against employment. Their protests have caused some consternation even within the ruling government coalition.

Critics of the new Danish labor market policy point out that while there will be savings for the government in the short term, since the temporarily employed can no longer collect unemployment benefits, the large number of Danes on leave will eventually run up a gargantuan public

debt. Such debt, they argue, will burgeon if the unemployed are allowed paid leave and will in turn reduce the growth potential of the Danish economy and thus impact future government finances negatively. Whether the system will become a permanent fixture of government social policy depends on the outcome of the election in the fall. The opposition party coalition, with the Liberal leader Uffe Elle-mann-Jensen as candidate for the premiership, promises to eradicate the system in its present form.

The opposition parties will also try to bring Denmark more into the mainstream on issues related to European labor market policies, by increasing the incentives to seek work. In the service sector, where wages are crucial, the independent Council of Economic Wise Men has suggested that a reduction in starting wages by 10 percent

would be conducive to growth in employment. Predictably, this has aggravated the unions. But change is in the air.

—Leif Beck Fallesen

LONDON

GOODBYE FISH AND CHIPS

The fast-food revolution is into take-off mode in the UK as McDonald's, Burger King, Pizza Hut, and Kentucky Fried Chicken pour tens of millions of dollars into opening new outlets all over the land, and in some cases even at sea.

In the 20 years since McDonald's opened its first UK restaurant its number of McDonald's here has grown to 525, and Chairman Michael Quinlan says "We plan to double that number in the next 10 years."

Burger King, the second largest hamburger chain, believes the potential for growth is enormous. It cites the statistic that there is one hamburger joint for every 100,000 people here compared to the ratio of one for every 5,000 in the US.

Hamburgers are the most popular of the fast-foods, followed by pizzas and chicken. As more and more Britons adopt the American style of eating, the traditional fish and chip shops are being squeezed into a poor fourth place.

Image is everything in the battle for customers, and the big chains know that strong branding is one of the keys to success. As a result McDonald's is now the largest advertiser on UK television, spending over \$50 million a year.

The other strand in the warfare heating up between the chains is location. Originally the fast-food restaurants headed for prime high street

sherry and 40,000 barrels of beer. Not many thanked the mayor for his image-raising decision. As one local philosopher put it: "They may ban 'Hangover Monday', but they'll never ban the hangovers."

•••

Imitation can be flattering, but it can also be expensive. American fashion designer **Ralph Lauren** was fined \$400,000 after being found guilty of copying a design from the French couturier **Yves Saint Laurent**.

The evidence was produced in court. Two models swayed past the judge, Madame Madeleine Cotelle, both wearing long, black tuxedo dresses. The one, designed by Saint Laurent, had wide lapels and jeweled buttons; the other by Lauren had slimmer lapels, and plain black buttons and carried a price tag of \$1,150—a quarter

of the cost of the French original.

Madame the judge, after noting that the Saint Laurent dress was more beautiful, ruled that the Lauren version was not, as the defense claimed, a re-interpretation of the design but an outright copy.

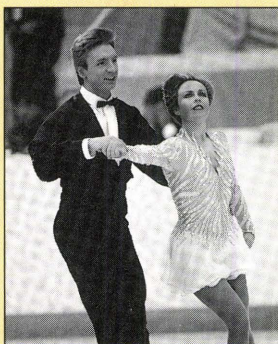
For Lauren, the decision was a public humiliation. For Saint Laurent, it was a unique victory. Top-name designers rarely sue each other because they know that the chances of proving fashion copyright violations are notoriously slim. "We are delighted to have set such an important precedent," said **Christophe Girard**, YSL's managing director. "Copying has got to such a level in the in-

dustry where it is unbearable. When you create something, it belongs to you."

•••

When they had to make do with a silver medal at the

Lillehammer Olympics, a cry of outrage at the unfairness of the judges echoed through the British media. **Jayne Torvill**, 35, and **Christopher Dean**, 34, are the nation's sweethearts.



Torvill and Dean

The figure skating duo proved that you can come back 10 years older, carrying a few extra pounds and the odd wrinkle, and still cut a dazzling figure on the ice.

Everyone past the first flush of youth was rooting for Torvill and Dean, delighted to

see them soaring and leaping around the rink just as nimbly as the baby faced youngsters they were competing against. Only the French were less than flattering toward the pair: They called Jayne "the Flying Pig."

After the Olympics Torvill and Dean decided they had underestimated the antagonisms and pressures involved in making a comeback and withdrew from any further competition. But as a last hurrah, before they really retire, they are going on a mammoth two year tour around the world. It should set them up financially for the rest of their days. In Sheffield, where they kicked off the tour, they have already broken all box office records, with 105,000 tickets sold, and in the rest of England more than 450,000 tickets have gone in advance sales.

—Ester Laushway

locations. Now, the trend is to bring the restaurants to the customers, rather than the customers to the restaurants.

This means opening outlets in hospitals, railway stations, airports, and on the ferries between the UK and the rest of Europe. "Anywhere you can cook a hamburger and fries you can have a Burger King," says International Development Vice President Nigel Travis.

Each citizen of the UK spends an average of about \$300 a year on eating out, while Americans spend \$475 in that same period and the average Swiss dines on a whopping \$1,300 yearly budget. The fast-food chains are convinced that they can double the number of people eating in their outlets in the UK and still not saturate the market.

Franchising is the key to the breakneck speed of the expansion that is destined to change forever the eating

habits of the people of this island. The traditional food of the UK is no longer fish and chips, or roast beef and Yorkshire pudding. Now it's a Big Mac, a Whopper, a slice of pizza, and even finger-licking chicken.

—David Lennon

ROME

THE MILANESE CONNECTION

No doubt the Italian elections of 1994 will go down in history. But it is impossible to foresee just what will be written about the right wing revolution which has signaled the end of almost 50 years of Christian Democratic dominion and the coming to power of television magnate Silvio Berlusconi. One thing for sure will be reported, if just as a footnote or a scribble in the margin: The Milanese have fi-

nally taken control of the principal seats of power. In the past, the pragmatic Northerners seemed satisfied with economic and commercial hegemony, but now they have seized the political decision-making power in Rome, wresting the country's bureaucratic and administrative machine from the Southerners who had traditionally run things. Besides Berlusconi, the following members of the government are Milanese, or hail from the rich and productive region of Lombardy: the Vice Premier, Roberto Maroni, who also controls the Ministry of the Interior; Carlo Scognamiglio, President of the Senate, an office second in power only to that of President of the Republic; and Irene Pivetti, President of the Chamber of Deputies. Berlusconi's ministerial appointments include the highest number of Lombards ever. And they don't just control the economic ministries, as one might think. A Lombard, who openly supports a plan to federalize Italy, is the head of the Ministry for Institutional Reform, which is already investigating ways to set his plan in motion.

What's all the fuss about? In Italy, the Milanese have a reputation for efficiency and for their singular, sometimes snobbish pride. If Italy were America, the Milanese might be Texans.

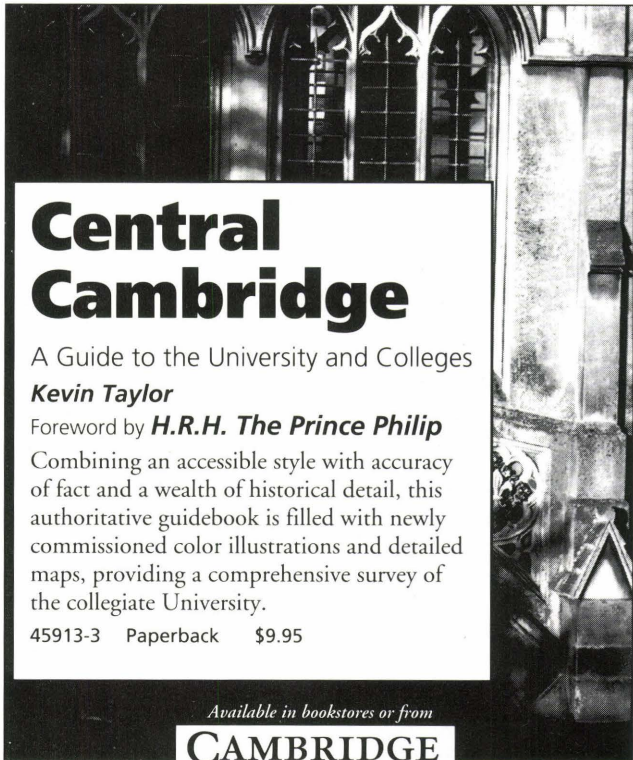
Even before they are accepted as legitimate rulers in Rome, the Northerners must be accepted by the international community. Their greatest hurdle is the large number of cabinet ministers who hail from a neo-fascist party that, while disavowing itself of "errors committed after 1938," still makes many heads of state nervous. In the face of widespread European objection, Bill Clinton has been outspoken in his support of Berlusconi. During his recent visit to Rome, President

Clinton lavished Berlusconi with declarations of esteem and trust. But will it be enough? The right wing government has already been attacked by one of the most powerful institutions in Italy, the Catholic Church. Despite the high number of devoutly religious politicians within the cabinet (foremost among them is Pivetti, who has even been accused of "Catholic fundamentalism"), the Church remains unconvinced of the new government's mettle. Pope John Paul II is again sounding the alarm about the risks to Italian unity. Other Vatican institutions are attacking the government more openly. The authoritative Cardinal of Milan, Carlo Maria Martini, says, "Italy is in the fog." The Jesuits, who have always acted as "papal diplomats," are attacking the government's plans to streamline the bureaucracy: "the plan they have presented," reads a recently published report, "is empty and lacking content."

—Niccolò d'Aquino

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Geographical Breakdown of the Current Account: EUR 12 from 1982 to 1991. *Statistical Office, Luxembourg, 1994, 193 pp.* Presents statistics on the geographical breakdown of the current account of the European Community (EUR 12) and its Member States for the period from 1982 to 1991. Figures provided are estimates calculated from balance of payments data. **\$30**

Annual Report of the ACP-EEC Council of Ministers 1992. *ACP-EEC Council of Ministers, Brussels, 1993, 148 pp.* A yearly overview of the relationship and activities between the African, Caribbean, and Pacific (ACP) countries and the EEC, this report details the government bodies involved in the relations (Council of Ministers, Committee of Ambassadors) and their recent meetings. **\$18**

The History of the High Authority of the European Coal and Steel Community. *Commission, Brussels, 1994, 686 pp.* Presents the history of the High Authority of the European Coal and Steel Community from its creation in 1952 up to its merger with the EEC and Euratom in 1967. The ECSC was founded in order to create a common European market in coal, iron ore, scrap, and steel. **\$95**

Doing Business in Canada. *Commission, Brussels, 1994, 79 pp.* Discusses the intricacies involved in business projects between EC Member States and Canada. It contains prescribed guidelines for small and medium sized enterprises for doing business outside the Community. Types of banking and tax systems are also covered. **\$20**

ARTS & LEISURE

FILM

The Best of European Video

Three Men and a Baby... Cousins... Three Fugitives... Point of No Return... What do these films have in common? One might answer that they are all American. In fact, they are all remakes of French films. In their original forms, respectively, they are *Trois Hommes et un Couffin*, *Cousin/Cousine*, *Les Fugitifs*, and *La Femme Nikita*. This says something about American movie audiences in general: They are not yet ready for foreign films on the big screen, except in certain rare cases. By and large, they want Hollywood blockbusters, not "artsy" Euro-films. Foreign films are relegated to a small section of the video store, where they are generally ignored in favor of the latest new releases. Yet the demand for foreign films has been increasing in the United States.

The recent popularity of such films as *Indochine*, *Howard's End*, *A Room With a View*, *Enchanted April*, *The Crying Game*, and *Like Water for Chocolate* has shown that American movie-theater audiences may be warming up to non-American films. *Howard's End* and *The Crying Game* are a special case: the films are in English, albeit British English. Although not American, British films are generally not considered "foreign"

by American film distributors, unless they are particularly "odd" or "eclectic." They have the advantage of not requiring subtitles ("I want to see a movie, not READ!") or dubbing (recall the out of



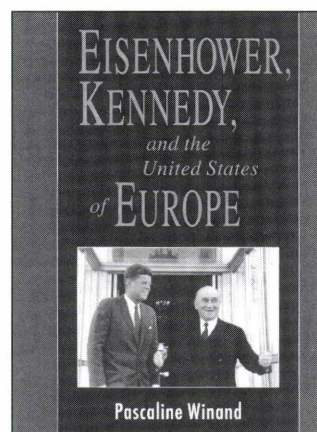
sync lip movements of those low-budget karate films...).

The real niche of the foreign film, however, seems to be on video. According to a spokesperson for Blockbuster Video, the Florida-based mega-chain with close to 2,400 stores in the US, Canada, Mexico, South America, Australia, and Japan, European films are most popular in affluent, white-collar areas and college towns, especially in the northeastern US. The typical European film-watcher is educated, well-off financially, and does not mind

reading subtitles. (Central and South American films are more popular in states with a large Spanish-speaking population, like California and Texas, and are usually dubbed, as are East Asian action films.) In deciding what films to stock, Blockbuster looks for indicators that the film will be recognized, such as US box office release, magazine and/or newspaper reviews (even if the film has not been released in theaters), and famous actors. French and Italian films are generally the most-rented, and stores stock classic European films, such as those directed by Bergman, Fellini, Fassbinder, as well as the latest "in" releases. The most popular rentals of recent months have been *The Lover* (French), *Mediterraneo*, *Cinema Paradiso*, *Volere*, *Volare*, and *Alfredo, Alfredo* (all Italian).

As American movies continue to be popular in Europe (Hollywood movies accounted for 57 percent of the movie tickets sold in France in 1989, up from 31 percent in 1979), it seems unlikely that the reverse will occur. European films will remain in the domain of the affluent intellectuals of North America. But who knows? Perhaps in a couple of decades European films will be box office hits in the US, and the French will be releasing remakes of *Stalлоне* or *Schwarzenegger* films, starring Gérard Dépardieu.

— Lauren Ptito



BOOKS

Eisenhower, Kennedy, and The United States of Europe

By Pascaline Winand; St. Martin's Press; 432 pages; \$45.

In this, the year of the European Union, assessing the progress toward the goal of "one Europe" seems especially fitting. By delving deeply into the post World War II actors and actions of those involved in making the dream at least a partial reality, Pascaline Winand provides an invaluable record of much of the prologue to today's EU. Ms. Winand's work, the sixth in a series of books on US diplomatic and economic history, put out by the Franklin and Eleanor Roosevelt Institute, is both scrupulously documented and well organized to assist the reader in understanding what took place in the struggle for a unified Europe and why these events played out as they have.

Beginning her narrative while World War II continued to rage, the author weaves

her story of how the fear of yet a third worldwide conflagration, caused by an unstable Europe drove proponents of a new, united continent on both sides of the Atlantic. As the 1940s became the 1950s and the 1950s segued into the 1960s, Ms. Winand's protagonists, Eisenhower, Kennedy, de Gaulle, McMillan, et al, and an array of advisors and delegates, carry out their almost Sisyphean efforts on a world stage whose continually changing backdrops mandate seemingly endless mid-course corrections on the path to a united Europe. From the rise of the Iron Curtain to the Berlin blockade; from the Chinese invasion of South Korea to the French defeat at Dien Bien Phu and the general's revolt in Algeria, the book comes alive in its rich exploration of relatively recent US-European history.

Focusing on "Europeanists" such as Jean Monnet ("Mr. Europe") on the continent and their stateside counterparts, like John and Allen Dulles, Ms. Winand's premise is that, "members of a given administration, including the President and his advisors, all have a specific vision, image, or perception of the external world, which significantly influences the way they evolve, implement, and redefine foreign policy." She cites the fact that "De Gaulle's grand strategy of Europe did not match that of Kennedy," to demonstrate how this and other differences of opinion, slowed the march to European union and required compromises which have left indelible marks on the EU we see today.

Through the use of extensive biographical and interview material, Ms. Winand is able to enliven her recitation of events with appropriate real time quotations from both the actors themselves and the memoranda on which

their views were imparted. "Like the little girl in the nursery rhyme, a European union, from the point of view of our long-run economic interest, can be either very, very good, or horrid." This, from a 1943 State Department memo, exemplifies the American ambivalence to a European union, not only in 1943, but which continues to some extent today. Throughout her narrative as well, Ms. Winand sheds much color on the continuing obsession of both the Americans and Europeans with the pivotal role of Germany in any European union.

As the reader is led through the various early attempts to formalize US-European integration, from the question of German rearmament to European Atomic Energy Community (EURATOM), to the rejection by the French assembly in August of 1954 of the European Defense Community, Ms. Winand convinces us of the soundness of her premise and the important role played by the Americans in the process. While the author offers no crystal balls, the insights which can be gleaned from this work will grant any reader a much better perspective with which to anticipate the next steps in both the further integration of Europe and future relations between the EU and the United States.

—Robert Bassman

The New German Cookbook

By Jean Anderson and Hedy Würz; Harper Collins; 416 pages; \$25.

Quick, what comes to mind when you think of German cooking? Comfort food. Steamy, tummy-filling schnitzels. Warm potato dumplings floating in melted butter. Oh-so-oozey-gooney-yummy cakes and deserts... all followed by a visit to Herr

Doktor and a stern lecture on the evils of cholesterol.

Jean Anderson, author of many cookbooks, and Hedy Würz, public relations director for the German National Tourist Office, believed there had to be a way to strain out some of the *verboten* ingredients while maintaining the traditional taste of classic German cuisine.

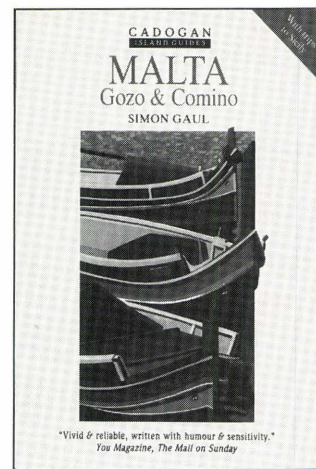
The result is *The New German Cookbook*, the first new tome published in English on Germanic cuisine to grace American bookshelves in 25 years (the only other was a translation of a book published in Germany). The 230 recipes are adapted to American measures, ovens, and equipment.

The pages still feature wursts, schnitzels, and salads, but in addition to the traditional recipes the book offers lighter versions. One potato salad, for example—on a page facing the more well-known bacon-drenched variety—is flavored with chervil in a light yogurt dressing. All right, so the ingredients call for a tablespoon or two of bacon drippings, but only for flavor.

Some things, alas, cannot be lightened without destroying them. Such is the case with many German desserts. Among the luscious selections found here—in their calorie-laden original versions—are Eierlikör-Torte (Eggnog Torte) and a dreamy chocolate cake from Berlin's famed Café Kranzler.

Now, this is not a glitzy-looking book. But then again, neither is the food. This is comfort food, and it's a comfort book. There's barely an illustration—oh, a map here, a single white porcelain plate there. The focus, however, is on the steak, not the sizzle. But that's all right. This steak looks pretty tempting even without the sizzle.

—Elisabeth Farrell



Malta, Gozo & Comino Sicily

Cadogan Island Guides Series; Globe Pequot Press; \$13 each.

The Cadogan Island Guides from the Globe Pequot Press aren't flashy, and they aren't expensive, but they do provide a wealth of essential travel information and a few borrowed literary gems. Peppered with passages from Lord Byron, Evelyn Waugh, Cicero, and Napoleon, these otherwise utilitarian guides depend on accuracy and detail rather than full color photos to keep the reader's attention. Both are replete with history, maps, transportation schedules, and information on accommodations and restaurants to fit any taste or budget.

Simon Gaul's guide to *Malta, Gozo & Comino* takes you to a Mediterranean island republic unfamiliar to most Americans. Here, darting among the three islands that form the archipelago, you'll visit prehistoric temples, baroque cathedrals, and if (for some inexplicable reason) you're interested, the tiny bay converted into "Sweethaven" by director Robert Altman for his 1979 flop *Popeye the Movie*. You'll also savor cheese filled pastries called *pastizzi*, homemade bread known as *hobz bizzajt*, and *fenek*, the national dish of rabbit stew. If all the sight-seeing, shopping for lace and warm Mediterranean sun have tired you out, take a nap

on the beach or a dip in the clear, dark water. Gaul knows all of the best spots. Refer to the calendar of *fiesta* so you know when to go, bone up on your Malti with help from the book's basic vocabulary guide, and pack your bags; flights leave daily from most European capitals.

Only a short 90 minute boat ride from Malta's principal harbor, Sicily and towering Mt. Etna rise from the blue waters off the southern coast of Italy. Dana Facaros and Michael Pauls will help you get acquainted with an island that has "enough customs and personality for an entire continent" in *Sicily*. Here you can take in the natural beauty of the Nebrodi mountains, explore ancient Greek ruins, even see mummies in the catacombs of Cappuccini. A bit less

playful than Gaul's guide, *Sicily* is nonetheless a superb resource for travelers and the perfect place to begin one's search for Phoenician antiques, a less-crowded *lido*, or the best plate of swordfish *involtini*. Best of all, this book, like all of the Cadogan Island Guides, is small enough to fit in your pants pocket or fanny-pack, leaving enough room for a pen and paper to write your envious friends back home. And while you're writing, take time to send your ideas, additions, or corrections to the folks at Globe Pequot. If your contribution is published, you will receive a free copy of the Cadogan Guide of your choice, cutting back on travel expenses the next time you go island hopping.

—Robert Murdock

Europe by Eurail

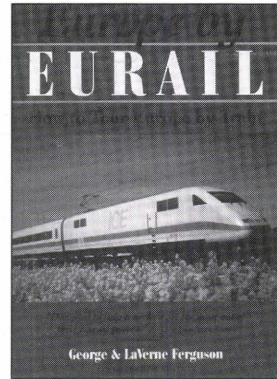
By George and LaVerne Ferguson; *The Globe Pequot Press*; 640 pages; \$14.95.

Europe by Eurail was written to ensure that rail travelers in Europe get the most out of their rail passes. The authors' unique approach of using "base cities" throughout the 17 countries in which Eurail passes are accepted allows travelers to cover all of Europe without the daily packing and unpacking that usually accompanies rail travel. Over 100 day trips are described for the 22 base cities allowing travelers to return to the same hotel room after a

day of touring.

Europe by Eurail is full of information including schedules for all the described day trips as well as trains connecting the base cities for when it is time to move on. Written exclusively for train travelers, the book also outlines methods for securing seat reservations, gives detailed station descriptions, and explicit directions to hotels and major sites from the train station. Updated for 1994-95, *Europe by Eurail* is an invaluable guide for both the novice and the experienced Eurailer.

—Michael Panetta



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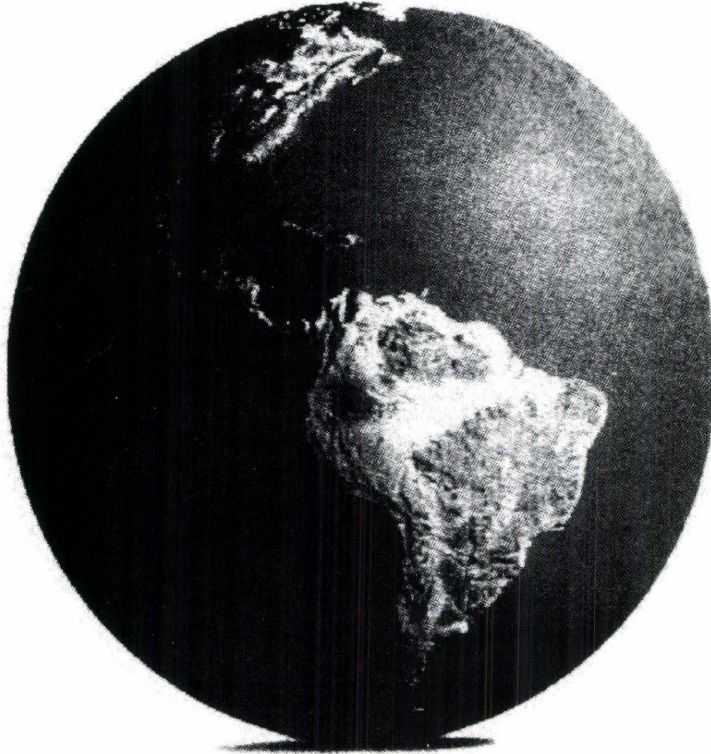
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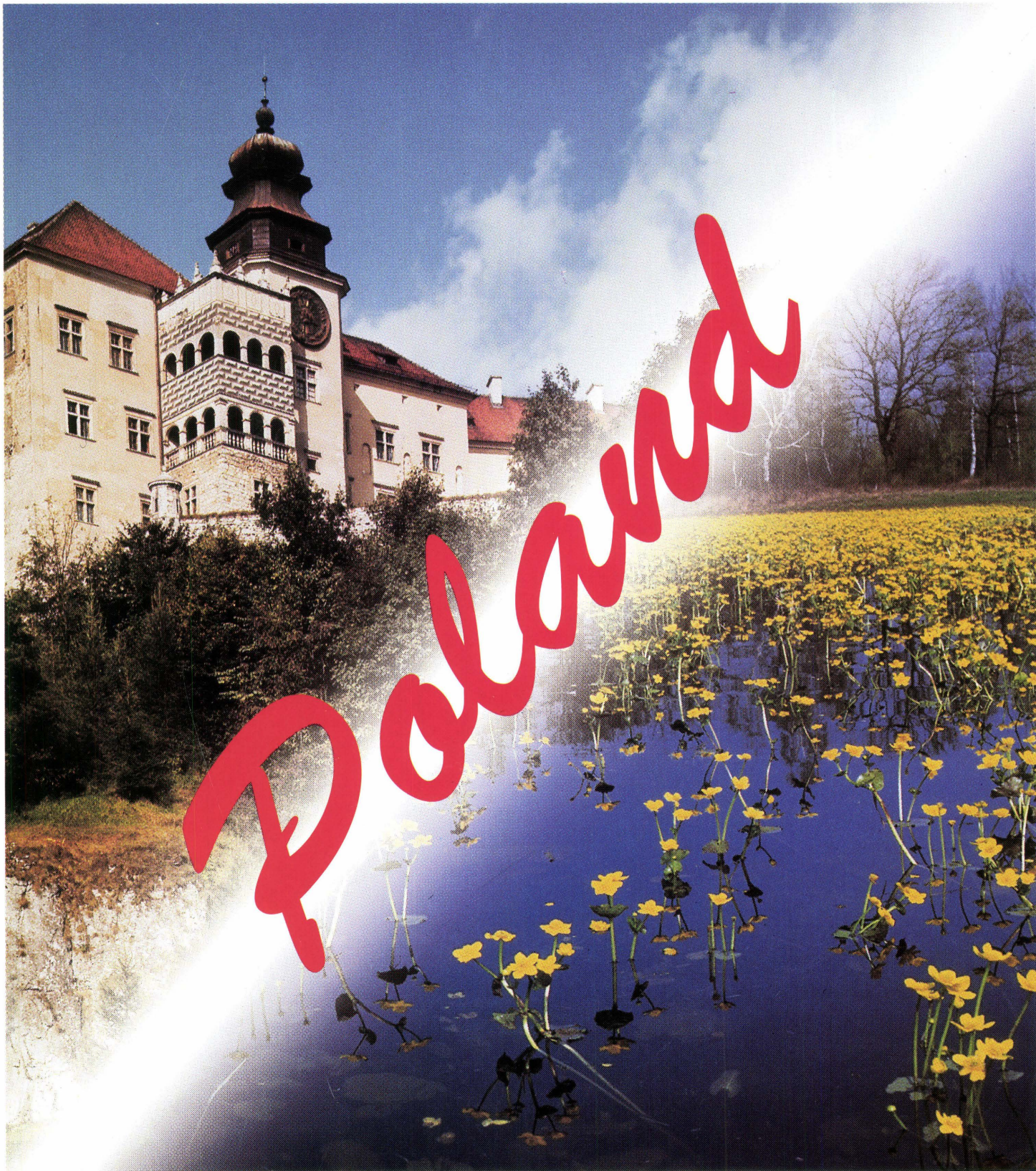
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