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Exclusive Interview

LIONEL
JOSPIN

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Minister

of
France

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for the
modernization
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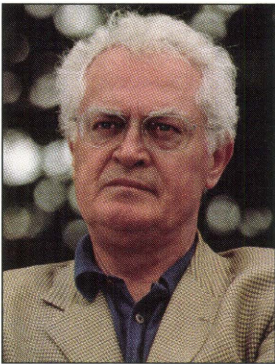
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Letter from the Editor

The historic meeting on the introduction of the European single currency in early May took place just as *EUROPE* was going to press. However, we will present a special report on the euro, the new European Central Bank, and how the new single currency will affect American business in the June issue of *EUROPE*.

Prime Minister of France Lionel Jospin speaks out on a variety of issues in an exclusive interview in this issue. The Socialist prime minister looks at French-US relations, his relations with French President Jacques Chirac, France's role in the European Union, unemployment, the proposed thirty-five hour work week, and his goals to modernize France.



Prime Minister
of France
Lionel Jospin

Axel Krause, a *EUROPE* contributing editor based in Paris, profiles Jospin's "ambitious and controversial agenda" and tries to determine "what is Jospin's long-term strategy for France and for France's role in the European Union." The prime minister faces a daunting task in solving France's high unemployment and making French firms competitive in the next century.

In his article "Can France Compete?," Robert Lever, an editor for Agence France Presse, asks how French businesses are able to overcome the pressures of a highly regulated domestic marketplace in order to compete globally. He points out that France has a healthy trade balance but states that many business analysts believe "France needs a friendlier environment for business to stay competitive."

Martin Walker, a *EUROPE* contributing editor based in Brussels, attempts to explain French foreign policy. "French policy is at heart the need to avoid subordinating its economic and strategic interests to any single ally, whether the US or Germany," writes Walker.

Mike Burns, our Dublin correspondent, analyzes the Good Friday Agreement, which will hopefully bring peace to Northern Ireland. Burns looks at the major players in the negotiations, including former Senator George Mitchell, and the reaction to the agreement. As one Irish observer of the peace agreement remarks, "This is the best shot we've had at peace so far."

Robert Lever profiles the French computer firm, Cap Gemini, which is profiting from its solution to the "millennium problem." Cap Gemini already employs more than 3,500 people in the US and is growing rapidly around the world.

For all the soccer fans among our readers, *EUROPE* tells you what to expect as France hosts the World Cup June 10-July 12. Ester Laushway, our Paris correspondent, reports on the business of the World Cup. Laushway also presents a guide to the host cities and their soccer stadiums as well as other events surrounding the games.

A handwritten signature in black ink that reads "Robert J. Guttman". The signature is written in a cursive, flowing style.

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

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FRANCE'S

Ambassador-at-large Jean-Daniel Tordjman is France's special representative for international investment. He took up the post when it was created in 1992, after he had spent seven years as Minister for Economic and Commercial Affairs at the French Embassy in Washington. The top-level contacts he established there have been invaluable in helping him to attract international investors to France, to mobilize the necessary government support to assist businesses coming to France and to keep foreign firms happy on French soil.

Ambassador Tordjman is convinced that Europe will continue to be the world leader in attracting direct investment, both because it is the world's largest single market, with 370 million consumers, and because it offers a high degree of economic and political stability. Within the European Union, his advice to international companies is to invest in the countries such as France that are building the euro.

Q: What are the main factors that have made France a prime location for international companies?

JDT: TOYOTA, Japan's largest manufacturing company, has selected France as the site for its second European automobile plant. The decision follows similar moves by DAIMLER-BENZ, FEDERAL EXPRESS, IBM, GENERAL ELECTRIC, GENERAL MOTORS, all drawn by features that have made France the third largest host country in the world for international direct investment. The accumulated total of direct investment stocks in France rose from \$23 billion in 1980 to \$184 billion in 1997.

As the only country with direct links to Europe's six largest markets—Germany, the United Kingdom, Benelux, Switzerland, Spain and Italy—France is an ideal location for many types of international businesses, ranging from logistics and distribution centers to industrial production sites, R&D facilities and strategic decision-making centers for multinational firms.

And the move to Europe's new single currency, the euro, in which France and Germany have played a central role, will create a host of additional new opportunities for international investors.

Q: What is the investment climate like in France today?

JDT: Freedom to invest is the rule. New measures have simplified administrative procedures for international investors, creating a highly unrestricted environment for investing.

Significant advances have been made recently in the sphere of taxation with the implementation of a competitive system that favors the establishment of corporate headquarters and logistics centers: the geographical scope of headquarters is extended to all group companies throughout the world. This regime has also been expanded to distribution centers, financial centers and their back offices. In addi-

tion, there is a new, favorable fiscal regime for foreign executives on temporary assignment in France.

Q: France is not just an important location for international business; it is also a world leader in tourism. What makes it so attractive as a tourist destination?

JDT: Let me start with some figures. We had 67 million tourists last year, an increase of 6 million over 1996, and we are expecting to welcome around 90 million tourists by the year 2005. To give you a basis for comparison, if you consider that countries like Israel or

INVESTMENT AMBASSADOR

Morocco welcome around 2 million tourists a year, you get an idea of the enormous attraction of France.

Why? It is a long tradition—we have always been leaders in civilization and art. We have 400,000 historic monuments, 30,000 castles, and an endless number of festivals of all kinds throughout the year. In Paris alone, there are 150 theater performances every night. So, we have the attractions: we have the beaches, the ski resorts, the countryside, the castles, the historic cities, and we also

have good food, great wine—lots of attractions! People enjoy France; it's a fabulous country. We also have a huge hotel park and many vacation rentals. We have 280,000 miles of roads; we have high-speed trains and airports everywhere. So the facilities and the infrastructure are here. Maybe the one thing we could ask is for the French, particularly in Paris, to be just a little more gracious at times!

Because of everything we have to offer, we attract major tourism investments. For example, an investment such as Disneyland Paris alone, attracts 12 million

tourists a year. That's more than the majority of countries in the world can even dream of! And of course Disney is here because we have the market. So the market attracts the leisure industry—hotels, entertainment parks and so on—and those in turn attract more tourists. That's the logic of the system.

Q: For businesses that are attracted by the French market, what kind of assistance do you provide?

JDT: The Invest In France Mission provides interna-

tional investors with:

- Information on France as host country for international investment.
- Assistance in setting up investment projects such as production sites, distribution, and logistics centers, research centers, decision-making centers. We work in close association with DATAR (France's regional planning and development agency), public service authorities, the French regions and the French business community.
- Assistance to international companies already established in France.

France : A competitive base for the European market

TOYOTA, Japan's largest manufacturing company, has selected France as the site for its second European automobile plant.

The decision follows similar moves by DAIMLER-BENZ, FEDERAL EXPRESS, IBM, MOTOROLA, PHILIPS, GENERAL ELECTRIC and GENERAL MOTORS, all motivated by the features that have made France the world's third host country for direct inward investment.

France is an affluent market, with sound economic fundamentals: low inflation, attractive interest rates, a stable currency and overall competitiveness reflected in healthy trade surpluses.

At the heart of Europe, it offers a variety of sites backed by excellent transport infrastructure, leading-edge scientific and technical expertise, a productive workforce, competitive telecommunications and power supply, and the

resources of a vast array of subcontractors.

France is a country of the future, with a strong industry and open to international business.



Jean-Daniel TORDJMAN
Ambassador at large
Special Representative
for International
Investment



EU ONLINE

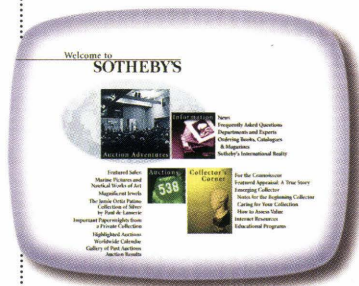
TREASURE HUNTING

It's a rarity these days to find antiques mistakenly priced as bric-a-brac while combing shops and flea markets of London or southern France. Dealers are too savvy. But since one man's trash is another man's treasure, exploring antique shops, auctions, or flea markets during a trip to Europe might turn up a few out-of-the-ordinary souvenirs.

A few Web sites offer pointers on where to hunt down antiques—at least 100-years-old—or semi-antique furniture, books, art, and collectibles. The World of Art and Antiques (www.worldartantiques.com) is among the best. It's Around the World pages include names, addresses, phone numbers, and a brief description of antique galleries, shops, and auction houses in a half dozen European nations. The France listings feature about seventy auction houses but only a half dozen galleries. Italy, by contrast, has dozens of galleries but only nine auctioneers listed. The site is a bit bland—no pictures or reviews of any listings—but it serves as a useful reference tool.

Two other sites worth mentioning are Antique Web and Antiques Warehouse. Antique Web (www.antiqueweb.co.uk/index.htm) lists six shops in the UK with a few pages dedicated to individual businesses. These few pages invite visitors to linger and peruse photos, directions, and a list of nearby attractions. The site's creators say they are aiming for quality establishments, not quantity,

but promise more listings in the coming months. Antiques Warehouse (www.antiqueswarehouse.com) includes more than a dozen British antique firms but little more than addresses. With just a hint of information, it's hard



for overseas travelers to know whether such shops are worth a trip off the beaten path.

If finding high-quality antiques is the goal, some well-known London-based auction houses, including Christie's, Sotheby's, and Phillips, have their own Web sites. Phillips' (www.phillips-auction.com) features a brief description of upcoming auctions. Christie's (www.christies.com), which has auctions in Paris, Geneva, New York, and other cities in addition to London, enables Web visitors to search for auctions by location or by category. It then provides dates, times, and a short description of what will be sold. Sotheby's (www.sothebys.com) adds an archive of recent auctions, including belongings of the duke and duchess of Windsor and the estate of the late US ambassador to Paris, Pamela Harriman. Because these firms often handle such high-profile auctions, prices are often out of reach for casual collectors.

Serious shoppers can't

rely on the Web to map out an antiques-buying tour of Europe. The current offerings only scratch the surface. However, in the coming months search engines likely will include substantially more small businesses from overseas that have realized the benefit of setting up shop on the Web.

THE SOUNDS OF HISTORY

When Prime Minister Neville Chamberlain returned from a meeting with Hitler sixty years ago this September, he told the British people that the two leaders agreed "never to go to war with one another again." Within a year the German leader had carved up Czechoslovakia and invaded Poland. Europe was at war, and Chamberlain's strategy of "appeasement" was a failure.

The prime minister hasn't fared well in textbooks, but students of history might get a better sense of his rationale by listening to a few words from his London speech. The History Channel's Web site has captured some of Chamberlain's message and other defining historical moments in pages dedicated to great speeches (www.historychannel.com).

Visitors to the site can hear the hope in Chamberlain's voice and the roar of approval from the crowd. They can also hear President Truman's announcement that the United States had dropped the atomic bomb on Hiroshima. "We shall continue

to use it until we completely destroy Japan's power to make war," Truman says in markedly unimpassioned tones. Babe Ruth's hoarse voice crackles over the Yankee Stadium public address system during his 1947 appearance to bid farewell to professional baseball, and Winston Churchill's speech to the House of Commons during World War II resonates with the conviction that the world will witness Britain's "finest hour."

The site's creators promise a new speech daily, and it is simple to find the archives of past speeches. Computers that do not have an audio plug-in will have to download one, but the site prompts users to do so and the process only takes a few minutes. Some of the speeches merit more than a single paragraph of background information, and the sound quality is not always completely clear. Those flaws, however, are greatly outweighed by the History Channel's use of multimedia not just for entertainment but for education.

SITE OF THE MONTH: WORLD CUP

The French love their soccer, or football to be precise, and the country has devoted the energy often reserved for an Olympic Games to hosting World Cup '98. The organizers of this year's competition, which runs June 10–July 12, haven't neglected Web users in their efforts to promote the sport and the international contest that comes just once

every four years.

The official site (www.france98.com) is both well designed and informative. Visitors can find the breaking news updated several times a day through Agence France-Presse articles. Fans also can receive a newsletter by e-mail after filling out a survey. Each of the thirty-two teams that will compete has a page of statistics and background along with a schedule of matches. Team USA, for example, is slated to take on Iran June 21 in Lyon. Each of the ten cities hosting matches, from Lens to Marseille, also has a page to describe its attractions to would-be tourists.

Soccer fans who are not planning to attend the games might enjoy the history section, which looks back at World Cups from the 1930 contest in Uruguay to the 1994 competition held in the United States. Children also have their own portion of the site, called The Playing Field, in which they can answer



trivia questions, download screen savers, and meet Footix, the competition's mascot.

Professional soccer hasn't captured the hearts of Americans the way it has for people in other parts of the world, but its popularity is growing. France's slick World Cup site will bring the excitement of international competition home to Web-savvy fans who would otherwise get short shrift from traditional US media.

—Christina Barron

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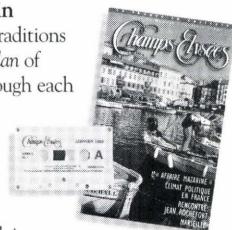
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Champs-Elysées in French: The rich traditions and contemporary *élan* of France resonate through each edition of *Champs-Elysées*. Interviews with sculptor César, fashion designer Christian Lacroix, and chef Alain Ducasse, reports on urban violence and unemployment in France, and a visit to the vineyards of Chablis are among the recent segments on this lively French-language audiomagazine.



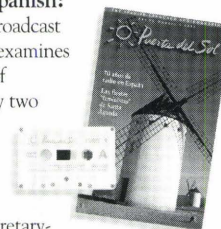
Schau ins Land in German:

Professional journalists in Germany, Austria, and Switzerland provide a fascinating overview of German-speaking Europe every month in *Schau ins Land*. Recent programs have included profiles of Austria's new chancellor Viktor Klima and industrialist Ferdinand Porsche, visits to Braunschweig and the Deutsche Bibliothek, a feature on women in the Bundeswehr, and interviews with conductor Kurt Masur and German president Roman Herzog.



Puerta del Sol in Spanish:

A talented group of broadcast journalists in Madrid examines the colorful textures of Hispanic culture every two months in *Puerta del Sol*. Interviews with Spanish prime minister José María Aznar and NATO secretary-general Javier Solana, a profile of Cuban ballerina Alicia Alonso, and a feature on the walled gardens of Córdoba are just a sample of the intriguing segments on recent editions of this Spanish-language audiomagazine.



Acquerello italiano in Italian: Produced six times a year in Rome, *Acquerello italiano* showcases the vitality and style of contemporary Italy. Recent programs have included interviews with soprano Katia Ricciarelli and politician Mario Segni, as well as features on the controversial cancer treatment of Luigi Di Bella, Rome's Borghese Gallery, and the ever-popular Harry's Bar in Venice.



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Under a constitutional arrangement known as "cohabitation" French President Jacques Chirac (right) of the center-right, governs alongside Lionel Jospin, the Socialist prime minister.

What is France's Long-Term Strategy?

Jospin Pursues Ambitious.

"People here want a prime minister who works for them. Jospin fills that role. I see him as France's next president."

—Mario Florentin, Paris taxi driver, formerly a sales executive.

That comment made in Paris en route to a Socialist Party rally in March was deliberately upbeat. But it summed up much of the prevailing, complex reaction in France to Lionel Jospin, completing ten months as prime minister.

Despite many obstacles, the sixty-year old Jospin is actively pursuing an ambitious, controversial, and frequently misunderstood reform program, amid uncertainties about France's position in Europe and with regard to its long-time ally, the United States.

At the Paris rally, flanked by Communists, ecologists, and other allied leftists, including Dominique Strauss-Kahn, his close friend and finance minister, Jospin told some 5,000 enthusiastic supporters, "We are turned to the twenty-first century, committed to greater economic growth, democracy, equality, and reorienting European policy." More familiar rhetoric on the eve of key, regional elections?

In a way, yes. But several weeks later, Jospin's Socialist-led government scored an important victory by not only

By Axel Krause

wresting control of regional and local councils long-dominated by conservatives, but he avoided an expected voter backlash in the government's first popularity test since taking office last June.

"This [election result] is encouragement for what are doing," declared Martine Aubry, who, as Jospin's powerful minister of employment and solidarity, is leading the drive to significantly reduce not only France's chronic unemployment, now in excess of 3 million, but to improve the lives of several million "working poor," 200,000 of whom lack any form of health insurance.

How Jospin's "new-Socialist realism" fares in reducing record joblessness and creeping poverty will, in the view of most observers, make or break the government and, possibly, him. As he approaches his first anniversary in office, his popularity rating remains a steady 60 percent of those polled.

The intense, austere prime minister has lots going for him—fresh approaches to old problems, a strong personality, a widely respected cabinet led by Strauss-Kahn and Aubry, and a very non-French style. In many ways, he more closely resembles President Bill Clinton and British Prime Minister Tony Blair than most contemporary French leaders. "He is calm, credible, avoids plunging into things," said forty-five-year-old cab driver Mario Florentin, "and people don't mind his austerity...it's arrogance they can't stand."

cies with regard to education, developing countries, and foreign policy.

Under Socialist President François Mitterrand, whom he both admired and criticized, Jospin served as education minister before becoming first secretary of the party. He held that influential post until his unsuccessful bid for the presidency as Mitterrand's successor in 1995 against Gaullist Jacques Chirac. Since then, and particularly since his spectacular victory in last year's parliamentary election that swept him to power, Jospin has been lucky.

The economy is recovering with GNP growth expected to reach 3 percent this year, double the 1996 rate. The Paris Bourse is booming, as leading private and government-controlled companies and banks report high earnings. Jobs are being created, mainly in the public sector. Chirac, whose term runs until 2002, shares power under a constitutional arrangement known as "cohabitation" but agrees with much of what Jospin is doing. Meantime, Chirac's conservative allies are in bitter disarray over alliances with the extreme-right National Front party, which scored 15.5 percent of the votes cast in the regional elections.

What is Jospin's long-term strategy? How does he view the EU and the Commission? Does he relate to Tony Blair and Britain? Is he anti-American? He addressed these questions in an interview with *EUROPE*, but doubts remained, notably among President Clinton's advi-

fied, builder, stubborn, bon vivant.

The first and only Jospin biography published in 1996, *L'Héritier Rebelle* [The Rebellious Heir] cites two particularly revealing incidents.

Several years after graduating from ENA (twenty-third out of ninety) and then from a Harvard University seminar taught by Henry Kissinger, the rising young diplomat Jospin told startled friends and family that diplomacy was not for him. Deeply affected by France's leftist-led May 1968 upheavals and strikes and opposed to General De Gaulle's conservative domestic—but not his nationalistic foreign—policies, Jospin declared it would be impossible to pursue a political career as a diplomat. "Can you imagine me serving little cakes or escorting duchesses to the London Opera?" he laughingly asked a colleague.

In 1993, the Socialists soundly defeated by conservatives, a tired, depressed Jospin, out of a job, returned to the foreign ministry seeking an assignment, possibly as ambassador. Most observers predicted his political career was over; his second wife, Sylviane, told biographer-journalists Gerard Leclerc and Florence Muracciole that "I sensed him [at that time] capable of giving everything up." Shortly afterward, Gaullist Foreign Minister Alain Juppé told him there were no openings. It doesn't matter, a hurt Jospin replied to the man he would succeed as prime minister, "I have a role to play on the national

Controversial Agenda

Born into a modest, Protestant family in suburban Paris, his father, a teacher and Socialist pacifist, his mother a midwife, Jospin played tennis, rugby, basketball, and boxed throughout his studies, even while preparing for the stiff entrance exams for France's elite ENA, the Ecole Nationale d'Administration for civil servants. Friends recall that as a student, he firmly believed the political Left was good, the Right bad, and that his future would be in teaching or politics. He did well in both fields, while rising rapidly within the Socialist Party, which he joined in 1971, helping shape its poli-

sors preparing for Jospin's visit to Washington scheduled for late June. Observers trying to assess his personality and role agree it's a difficult task.

Insider Dominique Merchez, who has worked on Jospin's staff since 1985, including as spokesman, describes the prime minister as "complex but not complicated" to understand. Consider the following words used by many in an attempt to describe him: austere, solemn, primeval, rigorous, methodical, slow, energetic, rebellious, generous, sensitive, Blairish, escape artist, loner, plodding, brilliant, classy, disciplined, athletic, severe, proud, digni-



Prime Minister Jospin (left) meeting with European Commission President Jacques Santer.

scene." Strauss-Kahn then helped convince him to return to politics.

The two events, twenty-five years apart, illustrate how Jospin's mix of leftist and Gaullist approaches were being formulated early on and that he stuck to his basic convictions. In a 1981 interview with the French weekly *L'Express*, he predicted that within a decade

National Assembly, would be implemented by offering employers new, eased labor regulations and lower charges and taxes. Yet, the plan is still vigorously opposed by many business leaders, including the powerful employers confederation, le Patronat, whose new president Ernest Antoine Seillère described it as "precipitous, costly, and archaic." In the interview with *EUROPE*, Jospin brushed off Seillère's criticism as being ideologically motivated and vowed to implement the compulsory plan.

Not everything is going well for Jospin. Labor unrest over reforms continues to simmer amid protests by the jobless and poor. Tax levels remain high, discouraging investments. Teenage crime, particularly in the suburbs, is spreading. Young, talented French men and women, many in their twenties, are flocking to Britain to find jobs. Allegations of corruption involving top political and business executives have shaken public confidence in national leadership.

France, along with ten of its EU neighbors, will enter unchartered financial territory as it abandons its cherished franc in favor of the new European single currency, the euro. Now that France's parliament has voted in favor of the new European currency, both Chirac and Jospin insist that France will still keep its identity and establish its own national policies, even after the launch of the euro. ☐

Axel Krause is a EUROPE contributing editor based in Paris.



The Jospin family—Lionel, Sylviane, and (her) son Daniel. Sylviane Agacinski, the prime minister's wife, teaches philosophy and has just published her fourth book, *Politique des Sexes*.

France will have become a "mixed society" in which workers' rights would be far better protected, unemployment reduced, and the work week reduced to thirty-five hours from thirty-nine hours without cutting pay. The latter proposal, then in the Socialist Party program but barely noticed, has emerged as the centerpiece of the Jospin government's plan to create as many as 1 million jobs that will apply to all French workers by the year 2002.

The controversial hiring plan, already approved by the leftist-dominated

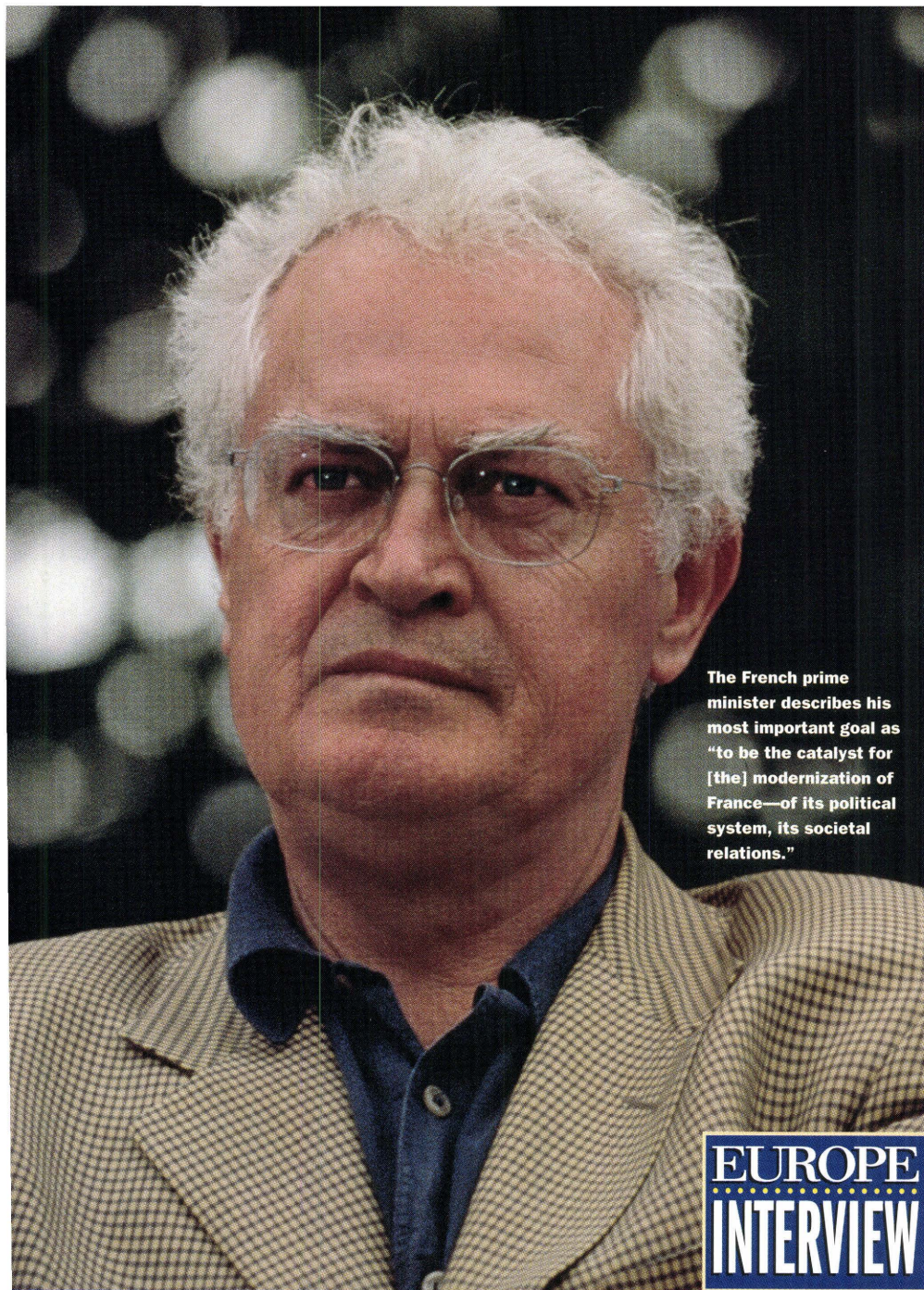
Cohabitation

France is unique in that the constitution of the Fifth Republic, which was designed by President Charles de Gaulle as a vehicle to consolidate his personal power after the democratic chaos of the Fourth Republic, gives the country two official foreign policies. The strategic direction of foreign policy is entrusted to the president and his staff in the Elysée Palace. But the administration of French diplomacy is the business of the foreign minister, who is a member of the cabinet and responsible to the prime minister at his office in the Hôtel Matignon.

When the president and prime minister come from the same political grouping, the differences are minor. But just as American voters have for all but four of the past twenty-six years required the president of one party to govern with a Congress dominated by a rival party, so France has grown accustomed to cohabitation. President Jacques Chirac, of the center-right, governs alongside Lionel Jospin, the Socialist prime minister, whose majority in the National Assembly depends on the support of Communist Party delegates. At least an American president can choose his secretary of state, although he must be confirmed by the Senate. But a French president can find himself trying to work with a foreign minister with widely different political views.

Direct clashes have usually been avoided, thanks to the broad consensus on a French foreign policy that cleaves to its alliance with Germany, its future in the European Union, and its insistence on freedom of action from the US-led NATO alliance. But President Mitterrand's discreet support for the Atlantic alliance in the 1980s and President Chirac's hopes of returning France to full NATO membership, both met considerable internal opposition.

—Martin Walker



The French prime minister describes his most important goal as "to be the catalyst for [the] modernization of France—of its political system, its societal relations."

EUROPE
INTERVIEW

LIONEL JOSPIN

Prime Minister of France

Since becoming France's prime minister in June 1997, Lionel Jospin has not granted many interviews to French publications and fewer yet to foreign media. On March 20, he spent forty-five minutes answering a wide range of questions asked by *EUROPE* contributing editor Axel Krause. (On April 30, the Prime Minister personally made several updates to the interview.)

The interview took place in French in the prime minister's office in the Hôtel Matignon, an early eighteenth-century mansion located on Paris's Left Bank rue de Varenne.

The following are his answers edited and translated into English:



Many Americans consider France as anti-American. Are you?

That's not correct. We are absolutely not anti-American. There are historical ties, and we recognize the role the United States played in defending and saving us. Yet, France has not renounced having an identity as a nation and a certain vision of international relations. Just because you disagree with the way Americans think doesn't mean you are anti-American.

So why does the image of France as anti-American persist?

There is confusion. The French have very friendly feelings for the American people. There is no feeling of hostility. Yet, you cannot expect that just because the Americans think one way that we will go along with it, automatically. There are, after all, several billion people on the planet and several great nations.

During the recent Iraq crisis, many observers had the impression that France created obstacles to the US approach of favoring military force.

No, I don't think so. Americans, certain Americans, are slipping into the easy position of saying 'if you are not with us totally, you are against us.' This does



not correspond to the vision of the United Nations. Yet, if the Iraqis had not accepted the obligations of the UN Security Council, we would certainly have agreed that a military solution was inevitable.

We believed that a diplomatic solution would be more effective and would have achieved the same result. Had there been a military intervention, it would have resulted in damaging consequences. Thus, we tried to favor a diplomatic solution without allowing Iraq to dodge its obligations. I believe, in the end, the American president recognized that it was a good solution.

I believe we played a useful role, alongside others, including the UN secretary-general. I also believe there would have been no solution without the American armada.

How did developing a common position work out with President Chirac?

Had the vision of the president [Chirac] been different than that of the [Jospin] government, there surely would have been a problem. But this was not the case.

Have you ever met President Clinton?

No. But I will be coming to the United States at his invitation in a few weeks [June 17–20]. I am looking forward to this trip and to my meeting with the president. France and the US are longstanding friends and partners, and we have a lot to do together in today's world.

Under "cohabitation" with the French president, don't you routinely attend G7 world summits?

No. I go to the European Union and European bilateral summits. That is the rule. It was the same for Chirac and [Edouard] Balladur when he was prime minister.

It is said you disagreed with General De Gaulle's approach to domestic issues but supported his foreign policy?

I was in favor of Algerian independence. Finally, General De Gaulle went in that direction. He fought the far right, while seeking a certain affirmation of France's role internationally, with which I, as a young diplomat, easily identified. I was rather close to a number of his foreign policy orientations.

I was less in agreement with his conservatism on domestic issues, and I didn't approve of the way he returned to power in 1958.

How do you justify your controversial program to impose the thirty-five hour work week on companies in France?

Technological progress is continuing to make headway with ever increasing force. Thus, I believe that the historical trend toward reducing work time is justified. We need less manpower to produce. The question is: How do we handle the evolution? It can be handled through decisions by companies to reduce working time. A certain number of them have already done so, including in France. Both large and even medium-sized companies have dropped below thirty-nine hours and are at thirty-five hours.

Why is your government making the plan compulsory?

Amid unemployment, with growth insufficient to create enough jobs, even with a recovery underway, we need a broader, more general approach. And because unions in France are not powerful enough and not sufficiently united, nor committed, to negotiating on this issue, the active role of the state is necessary. Taking into account a cer-

tain number of financial incentives incorporated into our plan, we say there is room for negotiation.

Why are many companies and the employers' confederation so strongly opposed?

I believe the hostility is based on ideology, and I would say [it] is coming from



the CNPF, the official organization of "le Patronat." Obviously, there isn't much enthusiasm among companies, but there is less hostility. I am counting on their realism, however, particularly if we remain in a more positive economic growth environment.

How do you rate the projected GNP growth of 3 percent this year?

It's not bad, considering the preceding years. I think we could be doing better, even taking into account the Asian crisis.

Why is France taking a tough line on the European Commission over several key issues, such as the proposed bailout of Crédit Lyonnais and the initiative on boosting transatlantic trade?

It is perhaps the effect of a combination of circumstances. Different elements should be taken into account. The case of the Crédit Lyonnais involves the previous government [of former prime minister Alain Juppé] and the Commission, which [current Finance Minister Dominique] Strauss-Kahn is trying to settle with [EU Commissioner] Karel van Miert. We are making an effort.

Why are you so critical of Sir Leon Brittan and his recent initiative for creating a "transatlantic marketplace?"

Mr. Brittan has the habit of launching very important initiatives without consultation with EU member states.

But doesn't the European Commission normally operate on the basis of agreement before initiatives are proposed, as I believe it did in this case?

As far as I know, the European Union is still being led by its governments.

Yes, but isn't it the Commission's legitimate, historical role to propose?

It would have been preferable had there been support from governments. To have started these discussions first, exclusively, on the basis of a Euro-American dialogue, represents a serious, weighty decision. The Commission, and notably Mr. Brittan, should have started with EU governments. The Council of Ministers that met in April formally rejected the proposal. The issue should be brought to the World Trade Organization.

generis endeavor. But it is true that with enlargement, and the problem of the decision-making process, a model of sorts is needed. A model that is more transparent, more democratic, and more efficient from the standpoint of the decision-making process. I believe this is what Pierre Moscovici meant.

You support reinforcing the powers of the Council of Ministers and not the Commission?

Rather.

What is your reaction to similarities drawn between yourself, Britain's Tony Blair, and German Social Democratic leader Gerhard Schröder?



I believe a French prime minister or a German chancellor or a future candidate for the German chancellery, like

Schröder, or a British prime minister should not want to resemble someone else. He should come to terms with his own personality. These comparisons come down to being journalistic devices, but they don't shed light on true personalities. One day they show us resembling one another, the next day disliking each other. That's wrong. Between Tony Blair and myself, there is sympathy and mutual esteem.

Have you known him for long?

No, not for a long time. But you know, few foreign leaders know Blair well. He was well known in the Labor Party, in England, but not in continental Europe.

Does the fact that most EU governments are currently on the political Left facilitate your approach to formulating EU policy?

Yes. For example, we didn't have any problem winning agreement on the idea of a jobs summit.

How about Blair and Britain's approach, compared to yours?

Blair is more liberal, free trade oriented. But Britain has always been more free trade oriented than France. It is an island, a country with a worldly outlook. France is closer to the land, more continental. And it has evolved. It has modernized and opened itself up to the rest of the world. Our trade balance is positive. It is only normal that some differences remain between us.

What is your most important goal?

I would like to be the catalyst for [the] modernization of France—of its political system, its societal relations.

Are you questioning Sir Leon Brittan's approach to the trade initiative or his general behavior as a commissioner?

We find that he reacts in a way that is somewhat unilateral. He has a bit of a tendency to present us with faits accomplis. We don't particularly like it.

Why does France continue seeking protection in such trade areas as film and culture?

There are sectors that must be handled in a particular way. Culture is in this category. It involves creativity, beauty, knowledge and cannot be approached in the same way as consumer goods.

Your European affairs minister, Pierre Moscovici, recently used the term federalism to describe his vision of Europe. Do you share it?

I am not particularly attached to the federalist concept. I have always considered the building of Europe as a sui

In that sense, we can perhaps make a comparison [with Tony Blair]. But we won't get there in France by dismantling the state, dissolving the national identity, nor by totally closing all public services. France is still the oldest, the most solid nation state.

Thus, we must evolve to be more outgoing, flexible with regard to the rest of the world, while maintaining our identity. If not, we will have a problem. The existence of the National Front shows that it is not an easy task. That is why I want evolution and modernization which can be understood and accepted by the French people.

Given the fact that President Chirac has the constitutional right to call legislative elections anytime after June, do you have enough time to accomplish your goal?

I don't ask myself that question. I carry on with the idea that I have the necessary time provided by the term of the legislature. Beyond that, I don't speculate. ☺



In February, French President Jacques Chirac met with UN Secretary-General Kofi Annan on Annan's way to secure the compromise deal with Iraq's Saddam Hussein.

French Foreign Policy .

There are two ways to analyze the latest crisis with Iraq. An optimist could say that the international community cooperated brilliantly to cajole and force Saddam Hussein to obey United Nations resolutions. The US and Britain played the hard cop, poised to bomb, while France played the soft cop, persuading Iraq that those crazy Anglo-Saxons really meant business and it was time to back down.

A pessimist could argue that the Gulf War coalition has finally broken down

and that the US and Britain became almost as isolated as Iraq. France's traditionally independent foreign policy conspired to let Saddam Hussein off the hook, to guarantee French industry some fat contacts with Baghdad in the future, and has left that broader Western alliance, which triumphed in the cold war, looking sickly in its aftermath.

The optimistic view is the official position of the Quai d'Orsay, the French foreign ministry. The pessimistic second view has become fashionable with some in Congress, where some members are unhappy with the compromise

deal secured by UN Secretary-General Kofi Annan. But perhaps the most pessimistic assessment of all, because it focuses on the wider implications of US-European relations, was expressed in a pungent editorial in the prestigious French daily *Le Monde* on February 25 by its editor, Jean-Marie Colombani.

"As for Europe, we should be aware that the firm tendency of America is to take ever more distance from it. In the long term, Europe will therefore have to give itself the means of its own emancipation. First, Europe must realize what is going on. Through direct man-

By Martin Walker

agement of NATO enlargement into Central Europe, Washington is seeking two privileged allies: Poland in the East, Britain in the West. Its goal is well known: the gradual undoing of assertive policies of the European Union and rejection of a political Europe led by France and Germany, in favor of a NATO under US-British control.”

Le Monde has traditionally been the voice of that postwar French foreign policy consensus—which embraced both General De Gaulle and most of the French Left—that French interests were too important to be left to the US-led NATO alliance. France should lead Europe into a third and independent political and economic block that could balance the Americans on the one flank and the Russians on the other. This goal, along with determination to avoid a fourth war with Germany in a century, lay behind the Bonn-Paris alliance forged by De Gaulle, his decision to remove France from NATO’s military structure and expel its headquarters from Paris, and his repeated veto of Britain’s application to join the European Community as “America’s Trojan Horse in Europe.”

This consensus around a foreign policy independent of the Anglo-Saxons also drove French policies toward the Middle East, where America’s partiality for Israel was balanced by France’s

forced a modification of French policy. According to documents from the German chancellor’s office, published in March of this year in *Der Spiegel*, President Mitterrand’s threat to oppose German re-unification was bought off only by Chancellor Kohl’s commitment to join Europe’s new single currency, sinking the deutschemark into the euro

The Iran-Libya Sanctions Act threatens sanctions against France’s Total Corporation for making an investment deal with Iran.



pean rules in its role as the military, economic, financial, and monetary power at the heart of the continent.”

French policy is at heart the need to avoid subordinating its economic and strategic interests to any single ally, whether the US or Germany. In some cases, like the Gulf War where French troops fought alongside the US and

Building a Consensus

wooing of the Arabs. Commercial self-interest played a part here, in the determination to build a French oil and gas industry independent of the Anglo-Saxon dominance of the Seven Sisters, the big oil corporations. In Africa, where France maintained troops long after colonial independence, the oil of Gabon and Congo-Brazzaville were important. This also helps explain the current row over the Iran-Libya Sanctions Act, which threatens sanctions against France’s Total Corporation for making an investment deal with Iran.

The collapse of the Soviet Union and the re-unification of Germany, which made it the dominant power in Europe,

and locking powerful Germany into the tight new structure of integrated Europe through the Maastricht Treaty.

“Maastricht was a long and complicated treaty with but one real goal—to get rid of the D-mark,” commented President Mitterrand’s advisor Jacques Attali. Urging a French ‘yes’ in the referendum on the Maastricht Treaty, former French premier Edouard Balladur defined (in an article in *Le Monde*) its real strategic purpose: “The rejection of Maastricht will not give France more liberty; it will simply allow Germany to act as it desires, without taking heed of its neighbors or its partners, without being constrained by any set of common Euro-

Britain, this can mean common action. But whether Socialists or Conservatives or Gaullists are in power, France insists on the right to choose. It says much for the essentially democratic structure of the Western alliance and its common value system that France’s prickly independence has usually been accommodated. Indeed, one reason why NATO survived and the Warsaw Pact dissolved was that France ensured that the West was an alliance in which allies could agree to disagree. ☺

Martin Walker is a EUROPE contributing editor and the Brussels bureau chief of the Guardian.



CAN FRANCE COMPETE?

On first blush, France appears to be among the sickest of the big industrial economies, crippled by unemployment of more than 12 percent, high taxes, and sluggish job creation. To make matters worse, it is not taking the medicine prescribed for much of the world. Privatization has been slowed by the Socialist government, inflexible labor laws persist, and the high social charges and generous welfare system have been largely untouched.

If that is the case, can France compete in the twenty-first century with global barriers coming down at a greater rate? The question, as with many questions about France, has a

complex answer.

David Calleo, director of European studies at the Johns Hopkins School of Advanced International Studies, says France has become the world's fourth-largest economy by charting its own course.

"If they're not competitive, why do the French have a healthy trade balance?" he says. "There's an anomaly. It is amusing that the US, which is supposed to be competitive, has a colossal [trade] deficit and France has a surplus."

France and other European countries "are trying to maintain a rather decent society, which looks after its poor and gives some security and good medical care to everybody,

By Robert Lever



Industrial giants like Michelin remain competitive, but unemployment of more than 12 percent, high taxes, and sluggish job creation continue to put pressure on French businesses.

Gemini in technology consulting.

"With regard to its traditional [European] trading partners, France can still hold the line," says Marie-Josée Kravis, a research fellow at the Council on Foreign Relations, a New York think tank. "The question is the import penetration of other countries that are more technologically advanced."

The Socialist government's move to cut the work week to thirty-five hours (from thirty-nine) and maintain its social welfare system is likely to hurt France's competitiveness, says Kravis, as will the slow pace of privatization of the big state monopolies that have long been used to maintain employment.

"France is being resistant to adjustment, and it will feel the pressures in a more intense way," says Kravis.

which becomes more difficult to sustain in the competitive global economy," says Calleo.

France's "competent bureaucracy" has been able to invigorate some big French companies before privatizing them, says Calleo, although he maintains that in some cases the government has kept companies nationalized "as an excuse for not taking difficult steps."

Calleo says the biggest problem—high unemployment—must be put into context, with the biggest problems among those under age twenty-five and those over fifty-five, and that comes as a result of "social choices" of the society.

High wage costs, ironically, have forced the French to invest in more technology for automation—few parking lots or toll booths have manned attendants because it is more economical to use machines.

French agriculture remains highly competitive in Europe, notes Calleo, and its industrial giants have held their own around the world: Elf and Total in the oil sector, Michelin tires, and Cap

"The integration of the European market will trigger more consolidation. Unless France is prepared to accept that medicine, which is sometimes bitter, they're going to have trouble being competitive."

Kravis says France needs a friendlier environment for business to stay competitive.

"They have very stringent regulations on expansion of business, small business creation, bankruptcy laws, a vast array of regulations that increase business costs and hinder small business," she said.

Robert Z. Lawrence, an economist at Harvard University's Kennedy School of Government and a senior fellow at the Brookings Institution, says the French government is looking for magic bullets and is unlikely to find them in the socialist tradition.

"There's a huge amount of denial in looking for a solution," Lawrence says. "There's this idea you can cut working hours, keep wages at the same level, and create more employment. It just doesn't add up. It's like Reaganomics."

Adds Lawrence, "I don't see France as the dynamic trendsetter in the world economy. They are behind the curve in taking the kind of action they need to take to move forward."

Many French believe however in the "French exception," and it will take time and perhaps some hard lessons to change attitudes, says Jacques Lesourne, economist at the Conservatoire National des Arts et Métiers and a former editor at *Le Monde*.

Lesourne told a recent forum in Washington that "the French sometimes seem to be living on another planet."

"The paradox is that France has been a great success of the 1960s with a model that was specific to some extent. And that model is probably less adapted to the world today than some other models," he said.


The French model is based around an important state role in the economy with a civil service "as a model of integrity, of honesty, of lack of corruption," comments Lesourne.

"Of course, this model is now completely out of touch with reality. The state itself has now to be reformed. The very core of the French model has to be reformed, and this is very difficult because the civil servants do not really understand why."

Lesourne says the creation of the euro "will change the French mood, that it will probably have a positive impact on investment, and that progressively, we shall abandon our beloved model of the 1960s to come into a model, still of course in the French tradition, but more adapted to a world dominated by a global information society."

The French have long scorned the American economic model and maintained there is a "third way" between U.S.-style free enterprise and state-managed economies. Most economists agree there are a wide range of choices that may work but that the French have tough choices ahead.

"The notion that there's no middle ground between unbridled capitalism and Stalinism is silly," says Calleo.

"The French and the Germans have developed the welfare state to a high degree and very successfully. Now they have to find new formulas. They'll have serious adjustments to make like everyone else. I think they will use European construction as a large part of the solution." 

Robert Lever is a frequent EUROPE contributor and an editor for Agence France-Presse.

CAP

GEMINI

European Firm Profiting from Millennium Solution



Serge Kampf, chairman and founder of Cap Gemini.

Management “looked at it as a challenge initially...but it came down to who was the most qualified. So being European is not a negative,” she said.

“While our company is European, a lot of our employees work cross-culturally, and we target those resources on a global level. We don’t have a European culture per se, but we are a global company. We have Europeans working here; we have Americans in Europe.”

Cap Gemini, founded thirty years ago, is the largest European-based company in the sizzling field of information technology (IT) consulting, which

Cap Gemini is growing in the United States, which represents a large portion of the company’s business. It is considered a major player in the growing field of Year 2000 technology—fixing the programs on big mainframe computers that could fail in 2000 because they were designed with only two-digit years.

Many mainframe computers will go haywire when the date reads “00,” which may be read as 1900. This is a complex task for governments, banks, utilities, and others that may have millions of lines of programming that will be affected. It is expected to cost hundreds of billions of dollars to reprogram or replace all these computers.

The company was the first non-US firm certified by the Information Technology Association of America to carry out Year 2000 operations. It has also been ranked among the top Year 2000 firms by the Gartner Group, a leading information technology market research group.

Cap Gemini, which has 500 projects with some 250 companies to fix the millennium bug, uses a highly automated approach to resolve the problem and even has a separate division known as TransMillennium Services. In many cases, computer specialists have to examine millions of lines of codes to find and fix dates, but Cap Gemini claims its own software speeds this process considerably.

When the US Chamber of Commerce began looking for a company to upgrade its computer systems, it ended up choosing Cap Gemini America, the US unit of French-based Cap Gemini SA, one of the few top-ranked, non-US firms in the fast-growing field of information technology and business consulting.

Executives at the New York office were especially pleased with the \$10 million deal for outsourcing with the US Chamber, which is the world’s largest business federation and is “a quintessential American entity,” said Cap Gemini spokeswoman Maryann Stumpf.

“We were competing with companies like Andersen and IBM, which are American, but we won the deal.”

According to Cap Gemini, the chamber did not have to increase its budget for the deal because of the cost-savings achieved through the new technology.

works with businesses not only to install computer systems and software but to provide a dose of management consulting to get the most efficiency. Much of this is done through “outsourcing” or assigning some of the heavy computing tasks to outside companies.

The Cap Gemini name is not foreign anymore in the United States; globally, the company has been ranked as high as third in the field, which is dominated by US groups like EDS, Arthur Andersen, IBM, and the like.

“Having started out a few years later than our chief American rivals, in a smaller country where information technology has never enjoyed either the position or role it has always occupied in the US, I think we have held our own as first among the Europeans,” notes Cap Gemini chairman and founder Serge Kampf.

Cap Gemini reported 1997 worldwide revenues of about \$3.4 billion dollars and a profit of \$126 million. It has operations in seventeen countries, including Europe, the Far East, Africa, and Latin America.

In the United States, where Cap Gemini started doing business in 1981, the company generated about \$425 million in revenue last year—up from \$320 million in the previous year.

The company’s US work force has also grown to about 3,500, out of a worldwide total of some 30,000. Much of that has come from the increasing importance of the Year 2000 technology.

For its overall business, Cap Gemini was ranked seventh among the top fifteen “systems integrators” by *Computer-World* magazine.

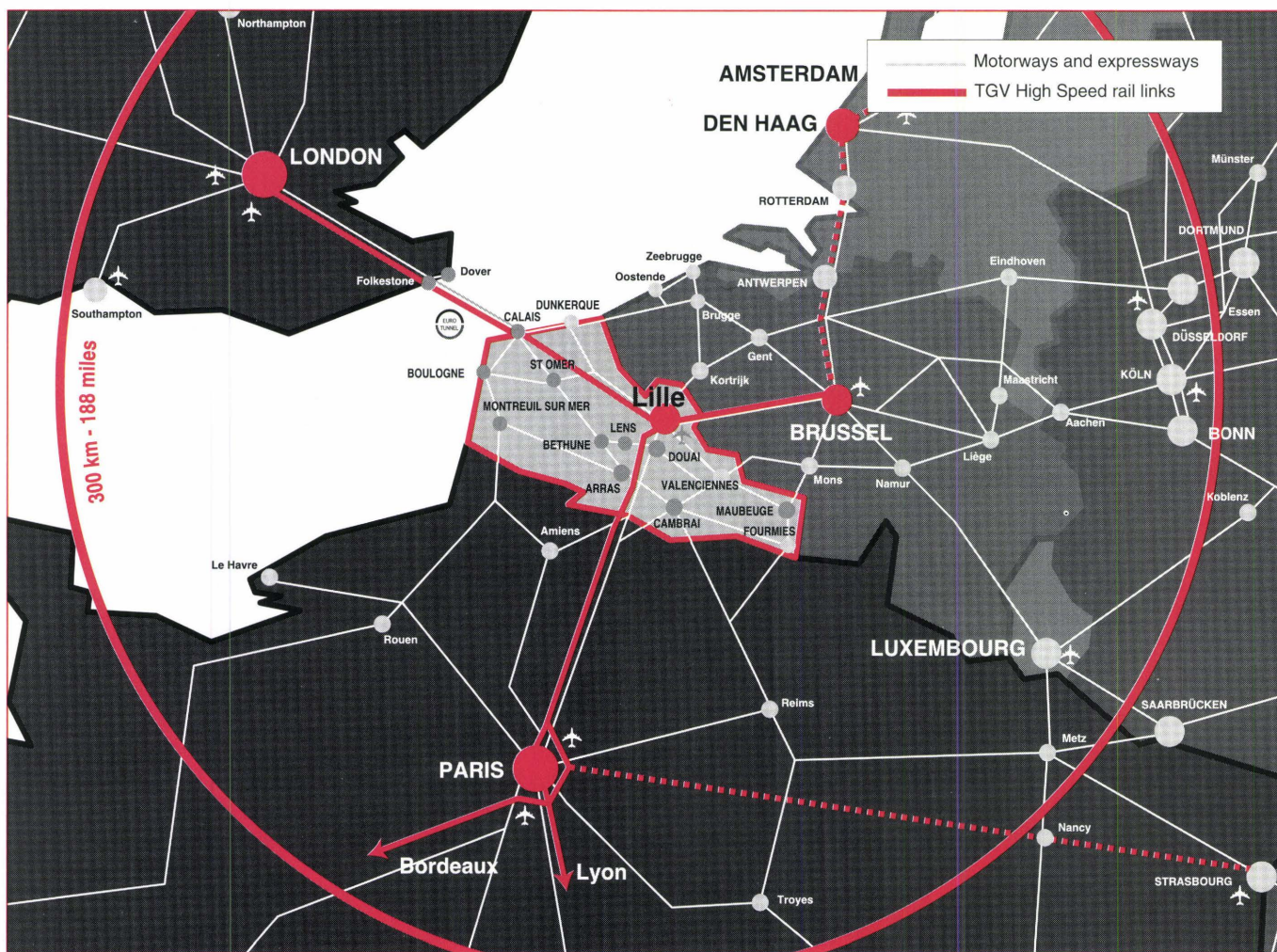
It works with software companies like Oracle and SAP, which have developed software to improve all types of business productivity.

For example, Cap Gemini’s systems manage intercity telephone traffic for France Telecom, operations at South African sawmills, Swedish nuclear power plants, and management systems at Western Digital, the US-based maker of computer hard drives. Management consulting, which increasingly meshes with computer services, made up 26 percent of its sales and was boosted by the acquisition of the French consulting group Bossard in 1997. ☺

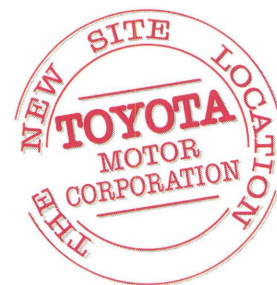
By Robert Lever



NORD-PAS-DE-CALAIS REGION



- 100 million consumers within a 300 km radius.
- Direct access to the North European markets.
- Rich and diversified economic fabric:
 - . 3rd French industrial region.
 - . 2nd region as regards international trade.
 - . 2nd financial center for Lille.
- Available and top quality work force.
- High performance level of public Research facilities, Universities and Engineering schools.
- Strong training capacity for human resources.



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Onnaing welcomed the arrival of Toyota last December. The Japanese company chose the town as the site for a \$1 billion plant that will create 2,000 new jobs and produce 100,000 vehicles by 2001.



Investing in N

Toyota building billion dollar plant

The windswept farmland surrounding the small town of Onnaing in northern France doesn't seem like an ideal spot to build one of the world's most advanced and non-French automobile factories. Jobless levels downtown are nearly triple the national average, and the area's mood is gloomy since the nearby mines and steel plants closed some twenty years ago. Frustrated by previous Socialist promises for job creation, many regional leaders gave up hope for foreign investment.

Yet, following the government's new, friendlier attitude toward Japan and several months of secret negotiations, a smiling Hiroshi Okuda, president of Toyota Motor Corporation, told a Paris news conference on December 9 that his company had chosen Onnaing and the Nord-Pas-de-Calais region as the site for a \$1 billion automobile plant. It will employ some 2,000 people directly by the year 2001.

Most of the town's 8,000 inhabitants cheered, delighted that their region now had a new lease on life.

"Regions are big business, thanks to examples like Toyota," says Jean-Daniel Tordjman, the French government's affable special representative for international investment.

Toyota didn't lack for suitors. Some twenty-five European areas competed for the plant. These were narrowed down to sites in Britain, Poland, Spain, and nearby Lorraine and Alsace in eastern France. However, in keeping with the traditional, Japanese strategy of keeping their plant location candidates secret, the competing regions had no clear idea of who else was in the race.

"Our government at all levels—with a strong, pro-Japanese bent, including President Jacques Chirac—played important behind-the-scenes roles," Tordjman recalls, "but, in the end, France and, most important, this region...fit Japanese goals." Not only does the area have ample, skilled, motivated labor and proximity to Toyota's Brussels headquarters and emerging markets in Central Europe but the site will enable Japan's largest auto maker to double its market share to 5 percent, while shifting output from Britain, the site of Toyota's first EU production plant, partly because of London's refusal to join the European Monetary Union next year.

Onnaing's victory is only the most recent example of how France is successfully competing for foreign investments, and through them, creating jobs. The government's regional

By Axel Krause

development agency DATAR recently announced that total foreign investments last year reached a record \$3.6 billion, placing France just behind Britain in the European Union. For the first time in France, Germany edged out the United States as the largest single investor with seventy projects, compared to fifty-nine for US companies, but American companies remain dominant; ITT Automotive, Sykes Enterprises, and Colgate Palmolive were among US investors last year. Others are planning to come.

The American Chamber of Commerce in France recently commissioned a highly critical study on investment prospects, which concluded that high wage costs are the single most important factor influencing a choice to enter France or go elsewhere. Nevertheless, leading American business leaders here take the criticism in stride and continue investing—and earn profits. Jean Cazade, who heads French operations for General Motors' Delphi auto components subsidiary and is an influential member of the American Chamber, says that not only are Delphi's European headquarters in France, but its plants are among the most productive of fifty in the European region. "We believe in France," says Cazade, noting he recently shifted a produc-

Sources close to the deal say the decisive economic roles were relatively low wage costs in France and EU regional funding (the second-biggest item in the EU budget, after agriculture), which has helped restructure Lorraine's industrial appeal. Outlays in the form of structural funds, totaling \$333 million between 1994 and 1999, have been used by regional and local officials to convert abandoned steel making plants to modern manufacturing and training sites, to build new highways linking Lorraine to its neighbors, and to promote tourism.

An essential political factor was the strong, enthusiastic support for the Lorraine site by both Chirac and Kohl, eager to bolster French-German friendship and cooperation, which had been recently strained over EU monetary issues. Regional planners say that if the investment is big, the support of heads of state and government is crucial.

Despite political differences, Prime Minister Lionel Jospin and Chirac work well together when it comes to attracting foreign investments. The French president, who has a studied taste and flair for Asian culture and Japan in particular, played a key role in convincing Toyota to choose France; on his official visits to key areas, such as Latin America and the

orthern France

tion unit from Belgium to France because the wage costs are 25 percent lower.

French regions, like the other regions throughout the European Union, compete fiercely abroad. The most aggressive—Alsace, Rhône-Alpes, Ile de France, Nord-Pas-de-Calais—now operate embassy-like offices in Brussels and, increasingly, in the United States. For example, Senator Jean-Marie Rausch, who is also mayor of Metz, in eastern France, notes that the US offices of Lorraine are located in Atlanta. "We have close ties to Georgia Tech and many high-tech companies in the area, such as Bell South, and we have built on them to build our own image as a high-tech city and area," he told *EUROPE*. Currently, DATAR operates eighteen Invest in France agencies in Europe, North America, and Asia, which work closely with the regions, and these are about to be consolidated into a national agency.

Since virtually all less-developed regions in member countries tap EU funds and national subsidies, which must be approved by the European Commission, how do regions deploy their resources to compete, and why do some win and others lose? Consider the Lorraine region, southeast of Onnaing, which is also former mining and steel country with equally high unemployment rates. In late October, President Chirac and German Chancellor Helmut Kohl jointly inaugurated a plant to be as big as Toyota's that will build the Mercedes-Benz compact "smart car" near the town of Sarreguemines, having eliminated some seventy sites throughout the EU, including Stuttgart, where Mercedes is headquartered.

Middle East, he invited along leading French business leaders. "The president is always pressing for job creation and the related export of French technology," a presidential spokesman explained.

Similarly, Mr. Jospin, who has taken a strong hand in foreign affairs and plans an official visit to the United States in June, will pitch Americans to come and invest in France. Officials planning the trip say that a prestigious delegation of French business leaders will accompany him, stressing their detailed experiences of that message.

France's high-speed train technology is always a drawing card, particularly in Asia and now in the United States, where such technology is attracting renewed interest. Despite competition from highly sophisticated systems being developed for rail transport in Germany and Japan, France's technology continues making inroads throughout the EU, with the active support of the European Commission. The most ambitious project to date is known as Transalpes, which would involve building a high-speed train line between Lyon and Turin that would tunnel through the southern Alps, handling both passengers and freight.

The estimated costs, however, would come close to, and possibly exceed, the \$15 billion cost of building the Channel Tunnel linking Britain with France, which turned out to be double the original estimate. France and Italy are nevertheless determined to launch the project as a way of spurring economic growth in both the Rhône-Alpes and the Piedmont regions and of reducing growing congestions and pollution caused by trucks on regional road networks. ☺

NORD-PAS-DE-CALAIS DEVELOPMENT

TUNED IN TO INVESTORS

From the Invest in France Network of DATAR (France's regional planning and development agency), to local economic authorities, Nord-Pas-de-Calais Development knows how to make use of all the resources available to assist investors.

Companies know they can rely on its expertise. Since its creation in 1988, the Nord-Pas-de-Calais Development association processes some 200 dossiers every year, for corporations either establishing or expanding operations in the region. Of those dossiers, 70 per cent come from outside France, thus amply fulfilling the international mission conferred on Nord-Pas-de-Calais Development by its founders: DATAR, the Regional Council, the two departments of the Nord and the Pas-de-Calais, the Regional Chamber of Commerce and Industry and two redeployment companies. The goal they established was to develop and implement a policy of attracting and welcoming new businesses that will have a positive impact on the entire region.

Particularly interested in targeting "internationally mobile" investments stemming from such large industrial countries and regions as North America, the Pacific Rim, western and northern

Europe, Nord-Pas-de-Calais Development not only canvasses for new business, but is also actively engaged in sustaining the regional economy. It supports the creation or expansion of projects already established in the region via such financial aids as the Prime d'Aménagement du Territoire, or PAT, a regional development subsidy; it carries out expert appraisals and studies and is in charge of various projects linked to the economic development of the Nord-Pas-de-Calais.

To make the advantages of investing in the region known, Nord-Pas-de-Calais Development disposes of a permanent team of 23, of which 11 are project managers assigned to a specific geographical area and sector of activity. All of them can take advantage of the extensive resources of DATAR and its widespread "Invest in France" network to identify potential investment opportunities abroad.

On the regional level, the "Invest in the Nord-Pas-de-Calais" network, with its 14

local partners (local authorities, development agencies, chambers of commerce...) is also committed to finding and welcoming investors and providing them with a coherent framework of assistance.

American Success Stories

The guiding principle of the association's strategy is to capitalize on the geographical and sector-based strong points of the region. As the surest and most economical method to obtain concrete results rapidly, this strategy focuses on finding investors in the activity sectors in which the Nord-Pas-de-Calais excels: the food industry, logistics, the plastics industry, the mail-order business and automobile subcontracting. Nord-Pas-de-Calais Development also makes the most of the geographical assets of the region. The fact that it is the leading region in France for welcoming North American investors is a tremendous plus point for Nord-Pas-de-Calais Development when approaching the U.S.A.

Several success stories, which attest to the region's popularity with American investors, include the setting up of the automobile supplier DELPHI-CALSONIC (an investment of 45.8 million dollars and the creation of 230 jobs) as well as PONTIAC

COIL, which is building a production unit for electro-mechanical components of automobile air conditioning compressors. CATERPILAR has also recently decided to invest 6 million dollars and to create 37 jobs with a transmission assembly line for transport equipment.

In addition, the network of American companies already established in the region is of great benefit to Nord-Pas-de-Calais Development. Indeed, some of them are taking such an active part in its development that they have become members, forming part of a panel that represents the economic leaders of the region: 20 companies, 11 banks and financial organizations, 10 local authorities, 10 chambers of commerce.... Besides being closely involved in the current efforts of Nord-Pas-de-Calais Development to seek out and solicit new investors, these corporate partners, which sit on its steering committee, also serve as invaluable guides in helping it plan for the future.

**FOR MORE INFORMATION,
PLEASE CONTACT:**

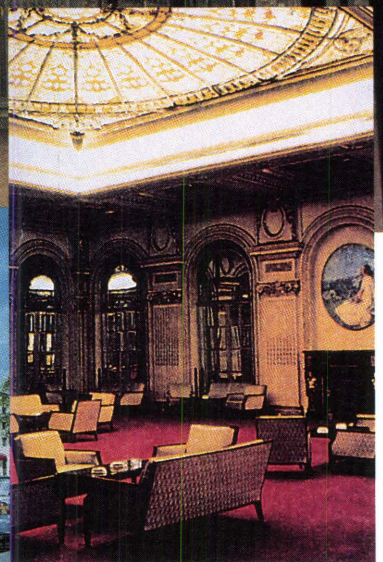
Nord-Pas-de-Calais Development, Tel: +33 3 20 63 04 05, Fax: +33 3 20 57 24 29, E-mail: npdc@nordnet.fr

Romania

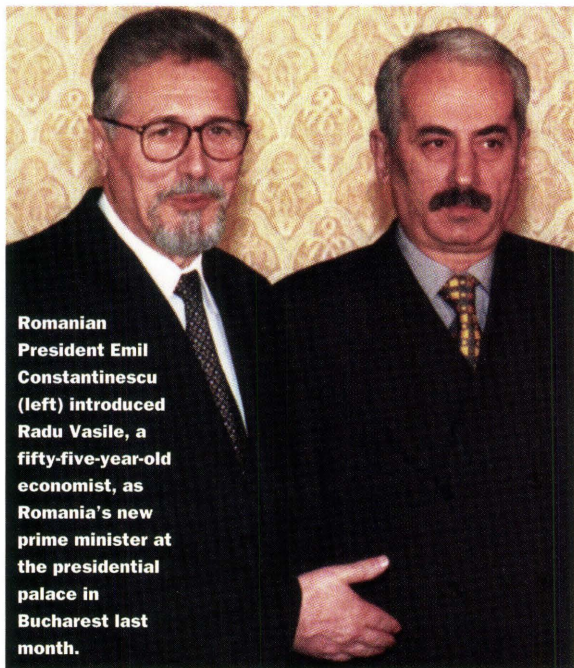
Reform hasn't gone as planned

The news isn't all bad from Romania. Recently, the most famous hotel in the Balkans, the once elegant Athenee Palace in Bucharest, reopened after a three-year, \$50 million face lift. Now the Bucharest Hilton, it was built in 1914 just across the square from the royal palace.

Once a place of high intrigue with spies, diplomats, and refugees residing under the same roof, Bucharest's famous Athenee Palace reopened under Hilton management in October 1997 after a \$50 million face lift.



By Barry D. Wood



Romanian President Emil Constantinescu (left) introduced Radu Vasile, a fifty-five-year-old economist, as Romania's new prime minister at the presidential palace in Bucharest last month.

former communists from their long hold on power.

Regrettably for long-suffering Romanians, things haven't gone as planned. At the beginning of April, as the European Union's top-ranked aspiring members from post-communist Europe (Czech Republic, Hungary, Poland, Slovenia, and Estonia) began accession talks in Brussels, the feuding Romanian centrists were dithering over who would succeed the ineffective prime minister who had taken office amid such high hopes seventeen months earlier.

In naming the new prime minister, President Constantinescu said he

leader urged the new government to cut taxes, create new jobs, and hold down price rises.

Romania is in a sorry state. With most workers still earning only \$100 per month, living standards have fallen perhaps by a third since 1989. Inflation exceeds 110 percent, and gross domestic product fell by nearly 7 percent last year. Cumulative foreign direct investment is a paltry \$3.5 billion dollars (compared to \$17 billion in much smaller neighboring Hungary). The private sector accounts for only 55 percent of gross domestic product compared to 75 percent in Hungary and the Czech Republic. The International Monetary Fund suspended lending at the end of 1997, the fourth time it has had to cut off Romania because of non-compliance with loan conditions.

Amid the gloom, a new government brings some hope. Dominic Bokor-In-

...the feuding Romanian centrists were dithering over who would succeed the ineffective prime minister who had taken office amid such high hopes seventeen months earlier.

Until the Ceausescu dictatorship, the Athenee Palace was a notorious home for artists, swindlers, pretend royalty, spies, and adventurous travelers. During the December 1989 revolution, it was riddled with bullets. The European Bank for Reconstruction and Development, which was set up by Western nations to promote the private sector in post-communist Europe, financed the renovation.

Back in the heady days of November 1996 with the smell of reform sweet in Bucharest's stale air, it could have been expected that by now the capital's few good hotels would be overflowing with deal makers. After all, Romania had put off the privatizations that came so much earlier farther west in transforming Europe. Eastern Europe's biggest market after Poland would surely be making up for lost time in privatizing its industries under its thoughtful new president Emil Constantinescu and the centrist coalition that had finally dislodged the

hoped the fifty-five-year-old academic and Peasant Party leader, Radu Vasile, would succeed in bringing Romania a stable and efficient government. The task won't be easy. Analysts say Romania needs draconian measures to close budget-busting state enterprises that are unproductive but politically powerful. These black holes in the Romanian economy—from coal mines to assorted heavy industries—were flagships in Ceausescu's brutal industrialization drive. Says one frustrated banker, "It would be better to pay these tens of thousands of workers to stay home than to continue in dead-end employment."

However, as these words were uttered 10,000 disgruntled workers were marching through Bucharest's Revolution Square (and past the Athenee Palace) with placards reading, "reforms yes, layoffs no." As they passed the government building they shook their fists and shouted "thieves!" The protest

gram, an East Europe specialist at Regent Pacific Fund Management in London, is optimistic. "I'm hoping that this is the answer and that they have come up with a prime minister who can get the country back on track." The Democratic Party led by Petre Roman, which triggered the political crisis by withdrawing support for Prime Minister Victor Ciorbea in December, has agreed to rejoin the coalition. There are fresh hopes that a budget can be passed and a new agreement reached with the International Monetary Fund. If Mr. Vasile moves quickly, reform momentum could be regained. Moreover, with important privatizations in the banking, energy, and telecommunications sectors in the works, it might be hard to find a room in the Athenee Palace in the near future. ☎

Barry D. Wood profiled Hungary in EUROPE's April issue.

Inside EUROPE

MAY 1998

VOLUME VI/NUMBER 5

EU NEWS

EU FIRMS: HOW WILL THEY RESPOND TO US MEGA- MERGERS

The trio of mega-mergers between US banks was a wake up call for Europe's financial institutions. European bankers are still digesting the impact of the mergers sprung by Citicorp and Travelers, Bank of America and NationsBank, and First Chicago and Banc One.

But the message from across the Atlantic is simple: Europe's commercial banks will lose ground in the global market if they don't respond swiftly to the American challenge, warned Martin Taylor, chief executive of Britain's Barclays Bank.

The new US superbank Citigroup has shot to the top of the world rankings, but Europe remains in contention, with UBS of Switzerland third, behind Bank of Tokyo-Mitsubishi, Germany's Deutsche Bank fourth and London-based HSBC Holdings seventh.

Europe could soon strike back according to analysts who tip Deutsche, UBS, and possibly Credit Suisse to enter the fray.

The US mergers have intensified pressure on European banks that were already desperate to join forces because the launch of the single currency next January will expose them to more foreign competition. Among recent deals, Merita Bank of Finland and Sweden's Norbanken merged to create the Nordic region's second largest bank; ING of the Netherlands acquired Belgium's Banque Bruxelles Lambert (BBL) for \$5.4 billion; and Italy's Credito Italiano is merging with Unicredito to create the country's number two bank. Fortis, the Dutch-Belgian financial services group, is holding negotiations with Générale de Banque that could lead to the creation of a Belgian superbank.

These were essentially defensive deals by companies protecting their vulnerable domestic market from foreign marauders. What Europe now needs are mega cross-border mergers if it is to meet the new American challenge. But different national banking regulations, taxes, and customer preferences make cross-border deals difficult. Purely domestic mergers also are elu-

sive as Barclays discovered when British rival NatWest rebuffed its overtures.

While Europe's commercial banks can match their US rivals, US investment banks are in a virtually unassailable position: the four largest do over 40 percent of the world's mergers and acquisitions, and underwriting business.

Just when European industry thinks it has caught up with the US, the target moves. Airbus Industrie was within striking distance of Boeing when its US foe merged with McDonnell Douglas.

But Europe can't afford to fall behind. Mergers will spread across all sectors as firms seek economies of scale and global reach, with pharmaceuticals, media, and airlines topping the list. In some sectors, notably defense, failure to match the consolidation that has reshaped the US industry will lead eventually to bankruptcy.

Europe's financial services industry has outperformed other sectors, notching up a record \$110 billion worth of mergers in 1997. Among the blockbuster deals were the merger of Swiss Bank Corporation (SBC) and Union Bank of Switzerland (UBS); a \$36 billion alliance between Zurich Group and the insurance operations of British American Tobacco; and a \$10.3 billion acquisition by Allianz, the German insurance giant, of France's AGF.

Merger mania spilled into 1998 with Commercial Union and General Accident joining forces to create Britain's biggest insurer.

But it's getting more difficult to pull off deals with other sectors. A \$170 billion merger between Britain's Glaxo Wellcome and SmithKline Beecham to create the world's biggest drugs group collapsed in acrimony. A \$33 billion alliance between publishing giants Anglo-Dutch Reed Elsevier and Wolters Kluwer of the Netherlands was snuffed out by regulatory fears. Media tycoon Rupert Murdoch's News Corporation failed with a \$7 billion bid for Mediaset, a commercial television company controlled by former Italian Prime Minister Silvio Berlusconi.

The US's superior financial firepower was underscored last year by the ease with which WorldCom

EU NEWS (CONTINUED)

trumped British Telecom's \$23 billion bid for MCI, the second largest US long distance telephone operator.

But Europe is building world class firms in a wide array of other industries. Diageo, created by the merger of Britain's Guinness and Grand Metropolitan, is the world's biggest drinks group. Adecco, the Franco-Swiss employment agency, narrowed the gap with world leader Manpower with its \$375 million purchase of Tad Resource International of the US. Unilever the Anglo-Dutch consumer products group, consolidated its position as the world's biggest ice cream maker after paying \$930 million to Philip Morris for Kebon of Brazil. British-based steelmaker Ispat International entered the world's top five after it acquired Inland Steel of the US.

Europe's car makers must also consolidate to counter the challenge of US and Japanese manufacturers who account for almost a third of Europe's domestic market and outsell them in the rest of the world. There have been modest deals—most recently BMW's \$570 million bid for Rolls-Royce. But industry speculation about big mergers—and the collapse of one big European manufacturer—have proved wide of the mark.

Now the industry rumor mill has revived the specter of a transatlantic merger with Fiat heading the list. Fiat has courted Ford and Chrysler in the past but deals have fallen through because the Agnelli family, which owns 30 percent of the stock, recoiled at losing control. But the arrival this summer of a new chief executive, Paolo Fresco, currently number two at General Electric of the US, suggests Fiat could again be in play.

Several European industries remain fragmented along national lines despite the establishment of the single market over five years ago.

Efforts to forge a single European aerospace and defense industry remain on the drawing board. But the wholesale consolidation of the US industry over the past two years has acted as a catalyst and Europe's first cross-border mergers are taking shape. The top four companies—Aerospatiale of France, Germany's Daimler-Benz Aerospace, British Aerospace, and CASA of Spain have told their governments—their main customers—that they want to merge their activities. The governments responded by moving toward harmonizing arms procurement, and eliminating duplicated research and development.

The industry took an important step toward consolidation in April when a consortium led by Germany's Krauss-Maffei, and including Britain's GKN, clinched a \$5 billion contract to build a "battlefield taxi" for Europe's armies. In another key development, Westland, the British helicopter manufacturer, is forging an alliance with Agusta of Italy that could lead to a merger. Earlier, Finmeccanica, a state-owned Italian conglomerate signed a \$3.4 billion deal with Britain's General Electric Company to combine their missile, naval, and radar systems.

Meanwhile Airbus is making progress transforming itself from an unwieldy four-nation partnership to a conventional company. This will result in production and marketing efficiencies that will help it compete against the merged Boeing-McDonnell company.

European firms still trail their US rivals in the global market. But armed with a single currency in an increas-

ingly efficient single market next year, Europe is poised to strike.

—Bruce Barnard

CLINTON VISITS EUROPE

President Clinton's visit to Europe this May, for the G8 international summit meeting and the separate US summit with the European Union, has aroused high expectations. In Washington and Brussels, and in Europe's other capitals, the trip is seen as the opportunity to redefine the transatlantic relationship for the transformed context of the new century. Rather like that moment fifty years ago when the Berlin airlift helped lock the US and Western Europe into an enduring military alliance, this summer could see the emergence of a new transatlantic economic partnership.

Not only is the cold war over, but President Clinton's visit comes as the traditional balance of economic power shifts with the launch of Europe's new single currency. The dollar's lonely role as the only international reserve currency is now to be shared by the euro. As virtual equals, the US and EU economies will between them account for nearly half of world output and world trade and nearly two-thirds of global investment.

Moreover, the European single market now becomes a real economic union with its single currency. Dr Henry Kissinger's famous question—"If I want to talk to Europe, whom do I call?"—now has an answer. As the EU monetary commissioner, Yves-Thibault de Silguy, suggested in Washington last month: He could now call the head of the new European Central Bank.

The mood has been changed by the way the Asian financial crisis emphasizes the stability and prime importance of US-EU relations. Former Secretary of State Warren Christopher's famous statement made during Mr. Clinton's first term, that "US foreign policy has been too eurocentric for too long," seems to come from another era.

Mr. Clinton's proposals for a much deeper institutional relationship between the EU and the US are intended to build on the transatlantic charter negotiated in Paris in 1990. That charter established the now regular twice-yearly summit meetings. The new plans, linked to the separate proposals of Treasury Secretary Robert Rubin for "a new Bretton Woods" agreement to manage the global financial system, are aimed at an EU-US partnership to run the transatlantic economic relationship, rather as NATO has run the security relationship for the past fifty years.

The fiftieth anniversary this year of the Berlin airlift, and next year of the founding of the NATO alliance, emphasizes the cold war and military roots, and the durability of the Atlantic alliance. The current enlargement of NATO—to include Poland, Hungary, and the Czech Republic—and the NATO-led peacekeeping operation in the Balkans have extended the alliance links into the post-cold war world.

The challenge now is to craft the institutions that will sustain the Atlantic alliance when there is no looming external military threat, and maintain its closeness as the world shifts from the geo-strategic priorities of the cold war into the geo-economic structure of the future.

—Martin Walker

UK HOSTS MID-EAST TALKS

UK Prime Minister Tony Blair hosted talks in London on May 4 between Israeli Premier Benjamin Netanyahu and Palestinian leader Yasser Arafat to try to break the deadlock in the Middle East peace process. The talks were called for some time ago by Secretary of State Madeleine Albright to see if new US proposals could provide a breakthrough.

The Israeli and Palestinian leaders agreed to the London venue when it was proposed by Tony Blair during a visit to the region in April. Blair stressed that the US will continue to take the lead in negotiations and that the European Union will play a "complementary role."

Following his success in arranging a political settlement in Northern Ireland, the British premier is now hoping to play a personal role in trying to move forward the stalled Israeli-Palestinian peace process.

The creation of a joint EU-Palestinian security committee was agreed during the Blair visit. This is part of an attempt to create a role for the EU in trying to break the deadlock. The EU will also provide \$8.72 million to improve the Palestinian Authority's counter-terrorism techniques.

—David Lennon

BERLIN AIRLIFT FIFTIETH ANNIVERSARY

The Berlin airlift began on June 28, 1948, just five days after the Soviet military authorities cut off the electricity and stopped all coal and food deliveries into the three zones of West Berlin, run by the US, France, and Britain. The city's 2 million people were under siege, and threatened with starvation. One hundred fifty aircraft delivered 400 tons of supplies on that first day, barely 10 percent of the city's daily needs. Within a month, an extraordinary and unprecedented deployment of British and US transport planes, and pioneering techniques of air traffic control had increased the deliveries tenfold.

The crisis had been triggered by soaring German inflation. To combat it, the Western powers launched the new deutsche mark in their zones of occupied Germany. The Soviet Union saw this as the crucial step to rehabilitate the defeated enemy of World War II and absorb Germany into the West. The Soviets were convinced that its military superiority on the ground would forestall the plan of General Lucius Clay to break the blockade with an armored road convoy and that the airlift could not feed isolated Berlin.

The stakes were very high. Communist regimes had been installed across Eastern Europe, while a wave of strikes organized by the powerful Communist parties in France and Italy suggested that Western Europe itself was ripe to topple. As Western statesmen began to assemble the Marshall Plan and NATO, the institutions of the embryonic Atlantic alliance, Berlin threatened to be the flash point to trigger World War III. As well as transport aircraft, the US dispatched to Britain in July of 1948 two groups of sixty B-29 strategic bombers. (The atom bombs themselves did not follow until the Korean War broke out in 1950.)

The great challenge was the coming of winter, increasing Berlin's need for coal even as it shrank the hours for

daytime flights. The experience of World War II proved vital. Britain and the US had enough war-trained pilots, enough aircraft, and the experience of coordinating massed air fleets from the strategic bombing campaign to sustain the airlift. By November 1948, they were delivering over 4,000 tons a day. In April 1949, the Soviets agreed to negotiate. The prize was incalculable: resolving the crisis without military confrontation and symbolizing the commitment of the US and Britain that even the most vulnerable outpost of Western Europe would not be abandoned to Soviet mercies.

—Martin Walker

On April 30, the US Senate overwhelmingly approved the expansion of NATO to include Poland, Hungary and the Czech Republic.

Editor's Note: In last month's Newsmakers, the King of Belgium should have read Albert II.

WHAT THEY SAID

"By and large we believe this (Europe's planned single currency) will have a very positive impact on our trading relationship."

—David Aaron, undersecretary of Commerce for international trade

"The euro is actually only a first stage. We want to give Europe a second wind. This second wind should be one of a social and democratic Europe oriented towards growth and jobs."

—Lionel Jospin, prime minister of France

"Of the four major equities blocs—Japan, the US, Europe, and emerging markets—the European bloc is by far the most exciting."

—Trevor Laugharne, senior economist at American Express Bank, commenting that the introduction of the euro will trigger major capital flows into Europe

"At operational level, the company has made one specific decision: As of January 1, 1999, the euro will become our unit of account and will gradually be adopted by all Fiat Group companies operating in monetary union countries."

—Paolo Cantarella, chief executive of Fiat

"Has the time not come yet for the international Contact Group to invite the parties to some territory outside the Federal Republic of Yugoslavia to talk maybe about talks?"

—Hans van den Broek, European commissioner, discussing the need to hold exploratory talks on neutral ground concerning the troubled Yugoslav province of Kosovo

"It responds to the realities of the world airline market."

—Felix Robotyn, US Ambassador to France, commenting on the recently signed new aviation agreement between France and the US, which will allow 40 percent more passenger flights between the two countries

Mannesmann, the giant German industrial conglomerate, plans to invest \$5.55 billion to achieve its goal of becoming Europe's biggest private telecommunications company.

The Düsseldorf-based group plans to boost its activities in France, where it has a 15 percent stake in **Cegetel**, a mobile telephone company, and in Italy where it has a 40 percent holding, along with **Olivetti**, in **Omnitel Pronto**, the country's second largest mobile operator.

The bulk of the investment will remain in Germany, Europe's biggest national market, where Mannesmann has a fixed line joint venture with **Deutsche Bahn**, the state railway, and a share of **Mannesmann Mobilfunk**, the country's largest digital mobile network.

•••

Europe is coming to the aid of overweight Americans, thanks to an anti-obesity pill from Switzerland, and a revolutionary low fat margarine from Finland.

Roche, the Swiss pharmaceuticals group, expects the Food and Drug Administration (FDA) to approve its anti-obesity drug, **Xenical**, in May paving the way for potential sales of \$500 million a year.

Meanwhile, **Raisio**, the Finnish foods and chemicals company, has signed a worldwide marketing deal with Johnson & Johnson to market its cholesterol-cutting margarine, **Benecol**, in North America in the fall.

Clinical tests suggest daily consumption of **Benecol**, whose main ingredient stanol ester, an extract from wood pulp and vegetable oil, can cut levels of cholesterol by up to 15 percent. At present it is only available in Finland and has yet to get the nod from the FDA. But Johnson & Johnson has pledged to transform it into a global brand.

•••

The European Commission was poised to publish the conditions for its approval of the planned alliance between **British Airways** and **American Airlines** in May paving the way for the world's biggest airline partnership.

European competition commissioner Karel van Miert likely will ask BA to surrender up to 350 of its landing "slots" at London's Heathrow airport, but they would be offloaded in

stages softening the blow on BA.

The regulatory battle will then shift to Washington where the US is seeking an "open skies" accord with Britain to obtain improved access for American carriers at London's Heathrow airport as the price for its approval.

The two airlines are desperate to get their deal, originally unveiled in April 1997, off the ground. Rival alliances, notably between **Swissair** and **Delta**, and the **Star Alliance** based on a **Lufthansa-United Airlines** partnership have been increasing market share.

•••

The merger of **Credito Italiano**, a leading commercial bank, and **Unicredito**, a savings institution, will create Italy's biggest bank, boasting a market value of \$25 billion and assets of nearly \$170 billion.

The new bank, which will have more than 2,700 branches, has surged into the ranks of Europe's top fifteen, putting it in a position of strength to repel unwanted takeover bids from foreign rivals and to mount its own cross-border raids.

•••

The consolidation of Europe's chemical industry gathered pace with **Akzo Nobel** of the Netherlands acquiring **Courtaulds**, its British rival, in a \$3 billion deal that will make it the world's biggest paint manufacturer.

•••

Some of London's most celebrated hotels, including the **Savoy** and **Claridges**, came under American ownership after a \$874 million offer by a New York investment firm, the **Blackstone Group**, bought the **Savoy Group**.

The **Savoy Group's** other celebrated hotels include the **Connaught** and **Berkeley** in London, and the **Lygon Arms** in Worcestershire, favorites of American tourists.

•••

Another British institution, the **Cunard** cruise shipping line, came under American ownership in a \$500 million deal with **Carnival** of Miami, the world's biggest cruise operator.

Carnival and a group of Norwegian investors are taking over Cunard's five ships, including the thirty-year-old **QE2**, probably the world's most famous cruise liner.

In fact, Cunard hasn't been British since 1996 when **Kvaerner**, the Nor-

wegian engineering and shipbuilding group, acquired its owner **Trafalgar House** for \$1.58 billion.

•••

Elf-Aquitaine, the French oil company, and **Yuksi**, the newly formed Russian oil group, are discussing joint exploration and marketing projects in Russia and ventures in the North Sea and Africa.

Mikhail Khodorkovsky, the president of Yuksi, said the alliance with Elf will help the Russian company achieve its ambition of becoming a multi-national oil group.

The two firms plan to develop the **Sugmut** oil field in western Siberia and to evaluate the massive **Yurubcheno-Tokhomo** gas deposits in eastern Siberia.

In February Elf paid \$528 million for a 5 percent stake in Yuksi, which was formed by the merger last year of two oil producers, **Yukos** and **Sibneft**. It owns the largest oil reserves of any private Russian energy company.

•••

Britain's **Imperial Tobacco** bolstered its position in the global cigarette market with a \$1.09 billion acquisition of the world's oldest tobacco company, **Douwe Egberts Van Nelle** of the Netherlands, from **Sara Lee**.

Established in 1753 by **Egbert Douwe**, a coffee, tea, and tobacco trader, the Dutch firm is Europe's biggest producer of hand-rolled tobacco with a 75 percent market share. It has a 27 percent world market share with strong sales in Canada, Australia, and New Zealand.

—Bruce Barnard

INSIDE EUROPE

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The Highs and

Lows of the



EU-Isra

Connect

As Israel celebrates its fiftieth anniversary in May, diplomatic relations with the European Union have hit a new low, but trade and cultural relations have never been stronger or better.

The prickly nature of Israel's political relations with the European Union was graphically demonstrated when Prime Minister Benjamin Netanyahu canceled an official dinner with British Foreign Secretary Robin Cook amidst a storm of recriminations over the EU Council representative's visit to a Jewish settlement on contested land.

The British government, along with the rest of the EU, has long opposed the Israeli policy of building settlements on land expropriated from the Palestinians. So Mr. Cook's raising of the issue was not something new, though his bluntness and the absence of diplomacy was. Israel showed an equal lack of diplo-

matic finesse by snubbing him.

The rocky nature of political relations completely belies the ever strengthening of Israel's economic ties with the European Union. This relationship is demonstrated daily by the massive flow of goods and services that makes the EU Israel's largest trading partner.

Further underlining the difference between political pyrotechnics and the day-to-day reality are the cultural, social, and sporting ties that go back to the earliest days of the founding of the Israeli state and well before.

Modern Israel was founded by European Jews, and the pre-state society and institutions were European in nature. The Jewish bureaucracy was pure East European in style. Social events like five o'clock tea were adopted from the British mandatory rulers.

Culturally and intellectually Israel is part of the Western world. Western clas-

sical music as well as Western art and philosophy predominate. Israel and the West share a common vision of society based on the same values of democracy. It is a Euro-Mediterranean, rather than a Middle Eastern, country.

Israeli folk music and dance are demonstrably Russian in origin. French culture was very strong in Israel in the 1950s and 1960s; and to this day, the "English" style predominates in men's more formal clothing. Israel competes in the Eurovision Song Contest, and its basketball and other sports teams play in European competitions. European orchestras visit Israel, just as Israel choirs and orchestras tour Europe. There are myriad art and cultural exchanges, many supported and funded by the EU.

Of course, Europe was also the heartland of the antisemitism that convinced some Jews that their only salvation lay in

By David Lennon



The EU now grants Israel tariff concessions for almost all its agricultural exports—including Jaffa grapefruit (shown here being loaded in Ashod, Israel).

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creating their own state. Then came the Nazis, and with the Holocaust, a deep and abiding mistrust of Europe and Europeans.

This did not prevent Israel from allying itself with Britain and France to invade Egypt in the 1956 Suez campaign. And, indeed, the remarkable 1967 Six Day War victory was achieved largely with French military equipment, particularly French warplanes.

Relations with France soured when the late President Charles de Gaulle accused Israel of being the aggressor in that war and imposed an arms embargo. Things were not much better with the rest of Europe, and during the 1973 Middle East war, the US planes carrying military supplies to Israel were refused permission to refuel in Europe.

On the economic front, the situation was very different. The fact that Israel's neighbors conducted an economic boycott for half a century meant that Israel had to seek markets further abroad. As

a result, Europe became Israel's largest trading partner. Today it takes more than 35 percent of Israel's exports and provides 50 percent of her imports.

The movement toward free trade began in the mid-1960s. The first trade agreement between Israel and the European Economic Community was signed in 1964, providing the temporary and partial suspension of the common external tariff duties on about twenty industrial and commercial products.

Five years later in 1970, a new five-year preferential agreement was signed that progressively reduced customs duties on Israeli goods and a staged reduction on Israeli import tariff barriers.

The key agreement on the reciprocal abolition of trade barriers between Israel and the European Union was signed in 1975 within the framework of the EU's overall Mediterranean policy. The relationship was further upgraded by the 1995 Association Agreement, providing additional reciprocal trade concessions, with the aim of "the gradual establishment of a free trade area," to cite the agreement.

This accord was seen by Europe not only as strengthening the links between the EU and Israel, but also reinforcing the steps being taken toward peace in the region.

The EU now grants Israel tariff concessions for almost all its agricultural exports. Where once Europeans only knew Jaffa oranges, today Israeli melons, avocados, and myriad other fruits can be found in the market stalls and grocery shelves throughout the EU. Even Israeli cut-flowers and strawberries find their way into European homes.

The surplus on EU trade with Israel in 1996 was more than \$5.4 billion. EU exports to Israel totaled \$11.3 billion, while imports were \$5.8 billion.

Israel is anxious to reduce this deficit, but a key problem is that half of the deficit with the EU is attributed to the diamond trade. Israel imports rough diamonds from Europe for cutting and polishing before being re-exported.

Israel's equivalent of Silicon Valley won the opportunity to establish itself in the EU single market through a 1996 accord giving it a seat on the steering committee of the EU R&D program. This is the first time that a non-European country has been fully associated with EU research activities. Under the agreement

for scientific and technological cooperation, Israeli scientists will be eligible to receive financial support from the EU.

Despite the depth and strength of commercial ties, Israel continues to strongly oppose any diplomatic role for the EU in the Arab-Israel dispute and the current stalemated peace process. Israeli officials accuse the EU of being less than evenhanded.

In practice, the EU is playing a supporting role to the US in its efforts to mediate a resolution of the decades-old conflict. Over the past five years, the EU contribution to the Palestinian Authority has been close to \$2 billion.

The hostility at the political level is mutual. Europe blames the Netanyahu government for the impasse in the peace process and the reversal of the trend toward Middle East peace, which was started by the previous Israeli government through the Oslo accords.

Indeed, more than eighteen months ago, the EU foreign ministers implied that Israel's economic ties with the EU could be jeopardized by further breaches of the peace agreement. A statement by EU foreign ministers made it clear that Europe's ties are based on "a common commitment to the peace process."

Suggestions are heard that there might be grounds for reconsidering some of the privileges, especially in relation to the "origin" of some Israeli products that have come from elsewhere. Israel responds to this type of threat by suggesting it might bar European companies from tendering for lucrative public contracts in Israel.

In reality, the hopes for a bigger EU role in peacemaking are misplaced. Israel has always been against the EU playing a more active role, accusing it of being too pro-Palestinian to be evenhanded. The reaction to Mr. Cook's visit "was a real slap in the face for EU efforts to revive the Middle East peace process," commented one EU official.

However, though Israeli politicians and officials often express contempt for European aspirations to play a role in the peace process, the reality is that Israel needs Europe, would like even closer ties with the EU, and is—and remains—a Euro-Mediterranean state sharing the same values and beliefs. ☐

David Lennon is EUROPE's London correspondent and a former Middle East correspondent for the Financial Times.

The Agreement: Will It Work?



Irish Prime Minister Bertie Ahern, former US Senator George Mitchell, and British Prime Minister Tony Blair are optimistic that the Good Friday Agreement will bring peace to Northern Ireland.

George Mitchell had spent almost twenty-two, mainly frustrating, months chairing the talks that eventually led to the new peace agreement. Therefore, it was appropriate that the sixty-four-year-old former US senator should emerge first from the final seventeen-hour negotiating session to spell out the historic achievement in simple terms:

"I'm pleased to announce that the two governments and the political parties of Northern Ireland have reached agreement."

President Bill Clinton, who had selected Mitchell for the peacemaking role and had stayed closely in touch with him by telephone throughout the marathon final session on Easter Thursday and Good Friday, summed it

up in less prosaic language:

"After a thirty-year winter of sectarian violence, Northern Ireland today has the promise of a springtime of peace."

Bertie Ahern, the taoiseach (prime minister) of the Irish Republic, had spent days shuttling between Belfast and Dublin (attending his mother's funeral). He said it was "a day we should

treasure, a day when agreement and accommodation have replaced days of differences and division. Today is a promise of a bright future, when we hope a line can be drawn under the bloody past."

British Prime Minister Tony Blair had left the warmth and comfort of his Downing Street residence days before to endure the cold of a gray Belfast—

By Mike Burns

and his first sleepless night since coming to power last year. Three decades of strife had ended, replaced by "a new beginning." He hailed the agreement, hoping "the burden of history can at long last be lifted from our shoulders."

Newspaper headlines reflected the breakthrough: "Historic agreement marks a new beginning for us all" (*Irish Times*); "Well done, Ireland—and that means all of us" (*Irish Independent*). It was left to the *Belfast Irish News* to inject a note of caution: "Today is only the beginning, it is not the end."

That cautionary reminder may well be justified, given Northern Ireland's history. Six previous peace attempts have failed—the most spectacular casualty being the Sunningdale Agreement of 1973, which ended the following year in the downfall of Northern Ireland's first power-sharing government.

A further attempt by British Prime Minister Margaret Thatcher and Irish Prime Minister Garrett FitzGerald resulted in the 1985 Hillsborough Agreement. Although it won support among the Catholic nationalist population (seeking unity with the Irish Republic), the Protestant unionists (wishing to retain their historical links with Britain) boycotted it.

The genesis of the latest peace process lies in a series of meetings between John Hume, leader of the mainly Catholic Social Democratic and Labor Party (SDLP), and Gerry Adams, president of Sinn Fein, the political wing of the paramilitary Irish Republican Army (IRA).

Further secret meetings followed between envoys of the Irish and British governments and Sinn Fein as it took the first steps toward an overtly political strategy.

Successive British and Irish leaders gave increasing time to a resolution. However, the real push for agreement came in November 1995, with the establishment of an international body chaired by George Mitchell on the eve of President Clinton's visit to Belfast.

All political parties were invited—including the Progressive Unionist Party (PUP) and the Ulster Democratic Party (UDP), both of which have close links with Loyalist paramilitaries.

The majority turned up, but the discussions were dismissed and attacked by the Protestant politician, the Reverend Ian Paisley, and his Democratic

Unionist Party (DUP) and the United Kingdom Unionist Party (UKUP) led by Belfast lawyer Robert McCartney.

Not surprisingly, Paisley has been vitriolic in his condemnation of the Good Friday Agreement, claiming that his fellow unionists have ceded too much power to nationalists. "We are not prepared to sell this country down the river," he said.

The sixty-nine-page agreement provides for:

- A new legislature—the Northern Assembly—with responsibility for a number of ministries previously controlled by the British government. A twelve-member power-sharing executive, representing both communities will lead the 108 delegates.

- A new North-South Ministerial Council, drawn from both Dublin and Belfast governments, which gives the Irish government its first real role in Northern Ireland affairs (including tourism, transport, agriculture, and the environment).

- A "Council of the Isles" or British-Irish Council, which will include delegates from the future devolved assemblies of Northern Ireland, Scotland, and Wales, as well as representatives of the Irish and British governments.

- Reformulation of articles two and three of the Irish Republic's 1937 constitution, which lays claim "to the island of Ireland." The changes underscore "a shared territory" and a recognition of the people of Northern Ireland to choose their own future.

Questions of security, including the future of the Protestant-dominated Royal Ulster Constabulary (police force), disarming paramilitary groups, and freeing paramilitary prisoners are regarded as items to be addressed "down the road."

Apart from the DUP and UKUP political opposition, the agreement has also been more worryingly condemned by shadowy breakaway-IRS and Loyalist terrorists. Their capacity to continue the violence, albeit on a much-reduced scale, is not being underestimated.

But the overwhelming response of the major parties, and the wider general public North and South on the island, has been welcoming if not euphoric.

All political parties in the Republic and Britain have endorsed the agreement. (In the Irish parliament, govern-

ment and opposition members gave Bertie Ahern a standing ovation when he introduced a two-day debate on the issue.)

The Ulster Unionist Party leader, David Trimble, scored a personal triumph when he romped home—despite some dissent—with a thundering endorsement from his ruling council. (When news of that victory came through to Sinn Fein's annual conference in Dublin, the previously unthinkable happened: A beaming Gerry Adams said, "Well done, David"—and delegates, once implacably opposed to Trimble and the wider unionist family, burst into spontaneous applause.)

Sinn Fein, while opposing the Irish constitutional changes, seem likely to support plans for the Northern Ireland Assembly at a specially convened conference later this month.

On May 22, voters North and South will go to the polls in joint referenda, which appear certain to say "yes" to the agreement—the first time since 1918 that both electorates have voted on an all-Ireland basis.

That hurdle cleared, interest will then focus on elections (June 25) for seats in the new Northern Ireland Assembly—a poll that could once again reflect tribal polarities with dissenters, mainly on the unionist side, drumming up support for those opposed to the agreement.

No one here pretends that sweetness and light can immediately replace the centuries of bitterness and division. But, in the words of one sage observer of the Irish scene, the agreement is "the best shot we've had at peace so far."

Nobel laureate Seamus Heaney, born in Northern Ireland, puts it more eloquently: "If revolution is the kicking down of a rotten door, evolution is more like pushing the stone from the mouth of the tomb. There is an Easter energy about it, a sense of arrival rather than wreckage, and what is nonpareil about the new conditions is the promise they offer of a new covenant between people living in this country. For once, and at long last, the language of the Bible can be appropriated by those with a vision of the future rather than those who sing the battle hymns of the past." ☺

Mike Burns is EUROPE's Dublin correspondent.



The World Cup: WHO PAYS?

Organizing the 1998 World Cup, which will be one of the biggest single sporting events the world has ever known, is no romp in the park. The series of sixty-four matches between teams from thirty-two different countries in ten French cities is not just a sporting matter, not by a long shot. It is serious big business, involving power plays that make what happens on the pitch look like spats in a sandbox.

To begin with, there are the costs. World Cup '98 will carry a price tag of \$15 billion, 57 percent of which will be paid by public funding. Of the rest, all coming from the private sector, the French Organizing Committee (the CFO) will foot \$408 million.

One-third of that sum has been collected from ticketing. All 2.5 million tickets have been snapped up. The France '98 Pass, only available in France, which gives its holder entry rights to all the first round matches in any one city, was such a hot item that all of them were sold within six months of being put on the market in November 1996.

The other major revenue source for the CFO is through corporate partnerships, either as direct sponsors or through rental of VIP seats and hospitality boxes. Philippe Villemus, the marketing director for the CFO, started drawing up a sales plan in 1994. "We had a product," he explains, "we had to transform it into a brand name. With the help of a publicity agency, we found an emblem, a mascot, a theme song, a slogan."

Once perfected, around the three watchwords, "excitement, universality, and sharing," Villemus took his show on the road for a year and a half. All over the planet, some 400 CEOs were given the same treatment: After an in-

roduction by the engaging president of the CFO, retired French soccer hero Michel Platini, they were shown a nine-minute video, an interactive computer simulation, and presented with the marketing package. The wrap-up was a question-and-answer period and a presentation of the costs.

The formula proved so successful, that the globe-trotting Villemus brought in \$146 million, two and a half times as much as marketing efforts for 1994's World Cup held in the United States.

Yet the really big bucks, the megamoney of the World Cup, is not within reach or control of the CFO, which functions as a nonprofit organization.

The amount it raised, while balancing the books nicely, is peanuts compared to what the twelve "official sponsors" of the World Cup paid for the planetary exposure the event will give them. The exact figures are confidential but estimated to be between \$25 million and \$33 million each, i.e. some \$343 million in total. For that sum, the dominant dozen, which includes multinational giants like Adidas, Canon, and Coca-Cola, have exclusive rights to all official World Cup labels and emblems and can drape their names around the stadiums, and they



Retired French soccer star Michel Platini helped bring the World Cup to France.

each get seven minutes of worldwide television publicity per match.

The CFO had nothing to do with choosing those top twelve money spinners. They were picked by International Sport Leisure (ISL), the Swiss marketing agency of soccer's ruling body, FIFA. As discreet as it is omniscient, ISL is the real financial powerhouse. It controls everything to do with World Cup merchandising. For example, Footix, the cocky little rooster mascot,

By Ester Laushway

was chosen by CFO, but the worldwide rights belong to ISL, who sold them to Sony World Cup, a subsidiary of the Japanese firm. The 400 different licensed products, ranging from T-shirts and ties to dog leashes and quilt covers, represent a cash value of \$1.3 billion. ISL imposed its selection of official sponsors on the CFO, but in return the French Organizing Committee did receive products and/or services in kind from the twelve, judged to be worth about \$8 million.

Below the heady heights of the leading dozen, three other levels of corporate partnership exist, which were hammered out in a year and a half of

difficult negotiations between ISL and the CFO. It won the right to recruit eight "official suppliers," whose financial participation of \$98 million went directly into the CFO's coffers. The nine companies supplying "official products and services" were canvassed by the CFO, too, but half of the \$26 million they contributed was paid to ISL. At the bottom of the pyramid are sixteen "official equipment suppliers," which are the exclusive domain of the CFO, both for recruitment and revenues.

The complex and delicate divvying up of sponsorship territory did not go without a few hitches. There was the case of Hewlett-Packard, for example,

who signed an exclusive contract for their printers with the CFO; however, three years earlier, Canon had done the same thing with ISL. The matter was resolved without too much ink being spilled by giving Hewlett the rights for France and Canon the rights for the rest of the world. Nevertheless, ISL decided it needed a freer rein in the future. It has asked for—and FIFA has granted—an extension of its already considerable powers for the next two World Cups in 2002 and 2006. For those, it will administer everything, including the main jackpot of "the world's biggest single-sport event"—the global television rights, worth an estimated \$1.8 billion. ☹

World Class Ticket Quandary

If you thought it was tough for a soccer team to qualify for this year's World Cup, consider the fan who faced a one in 2 million chance of getting a call through to the French World Cup ticket hotline on its opening day late last month.

World Cup tickets remain a scarce commodity, and criticism of the ticket allocation, which has been building for months, has finally reached a fever pitch. Originally, the 2.5 million tickets for the sixty-four tournament games were divided between the two main groups responsible for putting on World Cup '98. CFO, the French organizing group, received 40 percent of the tickets, while FIFA, soccer's international governing body, got 60 percent.

Non-French fans say the World Cup tickets were unfairly distributed. More than half of all tickets went to French fans through corporations, local government offices, and soccer associations. Only one-fifth of the tickets went to foreign soccer federations for distribution among their fans. Further-

more, tour operators got some 135,000 tickets, which were sold as part of vacation packages, and many fans have accused the tour operators of price gouging.

The remaining 110,000 tickets went on sale to the public on April 23. Fans from both outside as well as inside France could call the CFO hotline to order up to four tickets per game, with a maximum of sixteen tickets per caller. The CFO hired ninety operators to take the telephone orders. However, an estimated 20 million attempted calls were logged by France Telecom on the opening day, as fans desperately tried to get through to the operators. During the first hour alone, Belgian fans attempted nearly 2 million calls, while UK ticket seekers registered some 4 million calls. In some parts of the Netherlands, the volume of calls was reportedly so heavy that telephone service to emergency operators was disrupted. Even with all the attempted calls, few ticket buyers got through, and CFO sold only 15,000 tickets during the first day,

bringing further criticism of the ticket distribution.

Michel Platini, CFO president, defended the organizing group's actions to Reuters, saying, "We did what we could so as many people as possible can take part in the World Cup."

Unhappy soccer fans, especially those from outside France, take little consolation from this and other explanations of why they can't get tickets. CFO officials, however, point out that several factors beyond their control have contributed to the ticket shortage. First, French stadiums are smaller than those in most other countries. Excluding the new Stade de France, which will hold 80,000 fans for the World Cup games, the other nine World Cup stadiums hold an average of fewer than 42,000 spectators. Secondly, French officials point to the venues' proximity to many of the qualifying countries. Eleven of the thirty-two World Cup teams will come from Western European countries, five of which border France, making it easier for more

fans from those countries to attend.

The situation has drawn the ire of the European competition commissioner, Karel Van Miert. European Commission spokesman Stefan Rating said that the Brussels body is likely to fine the French World Cup organizers for their controversial ticketing policy. Rating said that such a fine could consist of 10 percent of the competition revenue, which includes ticket sales as well as money brought in from the sale of broadcasting rights.

Meanwhile, thirty members of the European Parliament have embarked on a legal campaign to force the French organizers to redistribute almost three-quarters of a million tickets that have already been allocated to French fans.

FIFA General Secretary Seth Blatter defended the CFO, telling Reuters, "For those who won't get tickets, it's sad. But that's why we have television, which will show the pictures of the World Cup."

—Peter Gwin

France on

A Guide to the World Cup Venues

The newly-built \$424 million Stade de France located just north of Paris will host the opening and closing ceremonies of the World Cup, as well as several important matches.

Ten towns and cities in France are in a frenzy of activity, getting ready to host the 1998 World Cup to be held June 10–July 12. They are building welcome villages for the thousands of expected visitors, preparing their municipal stadiums for kick-off, planning entertainment, cleaning, decorating—in short, doing what all conscientious hosts do to make sure that the party they are about to throw will be one to remember.

Selected jointly by the French government and the French World Cup organizing committee, the chosen ten cities are united in their passion for the black-and-white checkered ball. Geographically, they are spread out in a wide crescent to the south of Paris, with a strategically picked outpost in the far north. In appearance and character, they are a cross-section of the different types of towns that make up France's urban landscape.

They include bustling ports like Nantes and Marseille; cities renowned

for their food and wine like Bordeaux and Lyon; hard-working industrial towns like Lens and Saint-Etienne; university centers like Toulouse and Montpellier. Paris remains in a class of its own, while Saint-Denis has been transformed from a relatively anonymous suburb of the French capital into the proud home of the glorious new Stade de France, a world-class stadium in every aspect except its surprisingly lackluster name.

Northern or southern, elegant or industrialized, sophisticated or simple, each of the ten host cities has its own unique history and personality:

BORDEAUX (inner city population: 214,000) combines a flair for business with aristocratic looks and a taste for the finer things in life. Both an ocean port and a river port, it sits on the meandering Garonne River, just a stone's throw from the Atlantic Ocean.

By Ester Laushway

the Ball



Already an important trading center in Roman times, its golden age came in the eighteenth century. The great fortunes amassed by its merchants then

are reflected in the stately architecture, which has remained an impressive whole. Typical of the period is the majestic Place de la Comédie in the city center.

Bordeaux is, of course, synonymous with fine wines. It is the heart of the

world's largest group of top-quality vineyards, which produce 500 million bottles every year, shipped to 160 countries.

A wine festival will be one of the main features of Bordeaux's World Cup celebrations, as will nightly open-air concerts by fifteen different *bandas*—folk fanfares typical of the region.

The Lescure Stadium, a registered historic monument dating from the 1930s, has been renovated at a cost of \$12 million and now seats 35,200.

LENS (inner city population: 35,280), in the far north of France, makes up for being the smallest of the World Cup hosts with its enthusiasm and feisty, never-say-die attitude.

Once a major coal mining center, it was hit hard by the industrial recession of the 1960s. It turned itself around by embarking on an ambitious redevelopment program. Today, what could easily have been a ghost town, is a lively community, with one of the youngest populations in France (41 percent under the age of twenty-five).

Soccer is such a craze in the region that the most important matches attract more spectators than Lens normally has inhabitants. The record crowds

expected for the World Cup are bound to meet up with a few local "giants." The immense wickerwork figures, which will be paraded through the streets, are a fixture of any festivity in the north.

The Felix Bollaert Stadium, built in the 1930s, has undergone \$20 million worth of renovations and now has a seating capacity of 41,275.

LYON (inner city population: 422,400) was founded in 43 BC by Julius Caesar's officers, who knew an ideal site when they saw one. Two rivers—the Saône and the Rhône—two steep hills and a vast plain form the natural backdrop for the handsome city originally known as Lugdunum.

Lyon's long history is still visible in its present layout. The remains of the original settlement atop Fourvière Hill constitute the oldest Roman archeological site after Rome itself. The Old Town is one of Europe's best preserved Renaissance sectors, and the *traboules*, a honeycomb of narrow, covered passageways found nowhere else, bear witness to the city's fame as the nineteenth century silk capital of the world.

An important industrial and international congress center, Lyon two years ago hosted the G7 summit. It has a particular talent for combining business with pleasure. Nowhere else in France is more passionately devoted to good food. Its picturesque, pocket-sized restaurants, called *bouchons*, serve simple but delicious local specialties; at the other end of the gastronomic spectrum, Lyon's numerous temples of *haute cuisine* have raised cooking to an art form.

The Gerland Stadium, designed in 1926 by leading architect Tony Garnier, is the only other stadium besides the one in Bordeaux to be listed as an historic monument. Its renovations cost \$21 million and brought the number of seats to 44,000.

MARSEILLE (inner city population: 800,000) can look on the other host cities as mere youngsters. Founded twenty-six centuries ago by the Greeks, *Massalia*, as it was called, was France's first urban outpost. It is now the biggest port on the Mediterranean.

The beautiful setting among white limestone cliffs and turquoise blue inlets and the colorful, cosmopolitan character of Marseille have sometimes been overshadowed by its reputation as a tough, turbulent town. After a number of difficult years, it is now shedding that

negative image. The harbor area is being completely redeveloped to reinstate Marseille as a southern hub for international trade and a major port of call for cruise ships.

Culturally, it has always been abuzz with creativity. It has the most theaters per capita in France, an opera that is regularly sold out, and is the home of the internationally acclaimed Roland Petit ballet company.

The World Cup in Marseille, where soccer is virtually a religion, will be a month-long party, with six full-time activity centers, craft and food stalls, music and dancing throughout the city.

The Velodrome, dating from the 1930s, has undergone a complete rejuvenation, costing \$58 million and is now an ultra-modern, multipurpose stadium that seats 60,000.

MONTPELLIER (inner city population: 210,000) is both a thousand-year-old center of learning and France's most upwardly mobile municipality, rising from twenty-first to eighth position in just two decades.

About six miles inland from the Mediterranean coast, it began life as a trading post on the eastern spice route. Its renowned university, with the world's first faculty of medicine, was created in the thirteenth century. In the eighteenth century, after having been battered by religious wars, Montpellier acquired its beautifully proportioned city core, centered, like Bordeaux, on an imposing Place de la Comédie.

Today, it is the thriving capital of the Languedoc-Roussillon region and has created more businesses in the past few years than any other city in France.

Among the events planned for the World Cup, will be a "playoff" between two orchestras and a large-scale dance performance accompanied by 112 musicians.

The Stadium de la Mosson, built ten years ago, has had \$21 million spent on it to increase its seating capacity to 35,500.

NANTES (inner city population: 252,000) has two reasons to celebrate this year. As well as hosting the World Cup, the busy port on the Brittany coast will be commemorating the 400th anniversary since Henry IV signed the Edict of Nantes, a law recognizing religious freedom of choice.

The château where the signing took place, once the residence of the Dukes

of Brittany, is undergoing major restoration. The superb Gothic cathedral next to it also had extensive work done on it after a fire in 1971. The town around them both is one of shady courtyards and boulevards, massive towers and balconied mansions.

As befits the birthplace of the writer Jules Verne, Nantes has put a lot of imagination into its entertainment plans for the World Cup. They include a street theater troupe featuring a thirty-five-foot tall "giant" distantly related to the ones roaming the streets of Lens. And since Nantes is hosting the Brazilian soccer team, it has decided to make

For more information on each of the host cities and their plans for the World Cup, contact the municipal tourist offices:

BORDEAUX

TEL: 33 5 56 00 66 00
FAX: 33 5 56 00 66 01

LENS

TEL: 33 3 21 67 66 66
FAX: 33 3 21 67 65 66

LYON

TEL: 33 4 72 77 69 69
FAX: 33 4 78 37 02 06

MARSEILLE

TEL: 33 4 91 13 89 00
FAX: 33 4 91 13 89 20

MONTPELLIER

TEL: 33 4 67 60 60 60
FAX: 33 4 67 60 60 61

NANTES

TEL: 33 2 40 20 60 00
FAX: 33 2 40 89 11 99

PARIS

TEL: 33 1 49 52 53 54
FAX: 33 1 49 52 53 00

SAINT-DENIS

TEL: 33 1 55 87 08 70
FAX: 33 1 48 20 24 11

SAINT-ETIENNE

TEL: 33 4 77 25 12 14
FAX: 33 4 77 32 71 28

TOULOUSE

TEL: 33 5 61 11 02 22
FAX: 33 5 61 22 03 63

its guests feel right at home by importing tons of golden sand and building a replica of the Copacabana beach.

The Stadium de la Beauvoire, built in 1984 for the European soccer championships, has been upgraded at a cost of \$10 million and now has 39,500 seats.

PARIS (inner city population 2,200,000) has the sophistication and elegance, as well as the self-confidence sometimes bordering on arrogance, of any world-renowned beauty. There is the Paris of history, with its magnificent monuments like Notre Dame and the Louvre; the Paris of everyday, with its dozens of distinctive neighbor-

hoods, secret gardens and squares, and streets devoted to different trades. There is the lively, creative Paris of the arts, the dynamic Paris of business; there is a Paris for students, a Paris for lovers—everyone who approaches it with an open heart will find something they are looking for.

have been buried in Saint-Denis. The basilica houses seventy royal tombs, with the most recent occupant being Louis XVIII, who restored the church after it was ransacked during the French Revolution.

The Stade de France, where the opening and closing ceremonies of the World Cup will be staged and the most important matches played, is the biggest multipurpose stadium in the world. Completed last November, at a cost of \$424 million, the



entertainment at its downtown welcome village.

The Geoffroy Guichard Stadium, where the famous home team, the Greens, burned up the turf with a string of victories in the 1970s, is known locally as the *chaudron* or cauldron.

Pieces of that sacred turf were handed out to soccer fans before the start of renovations, which cost \$15 million and resulted in a seating capacity of 36,000.

TOULOUSE (inner city population: 360,000) has already hosted a World

The Stade de France, where the opening and closing ceremonies of the World Cup will be staged and the most important matches played, is the **biggest multipurpose stadium in the world.**

hoods, secret gardens and squares, and streets devoted to different trades. There is the lively, creative Paris of the arts, the dynamic Paris of business; there is a Paris for students, a Paris for lovers—everyone who approaches it with an open heart will find something they are looking for.

With more trade fairs and conventions than anywhere else in the world for the past fifteen years and with some 20 million tourists visiting it every year, the French capital has had plenty of experience in planning international events and large-scale entertainment. To make the last World Cup of the century truly memorable, it is laying on a \$9 million, city-wide street extravaganza on June 9.

The Parc des Princes on the western edge of Paris is much more than just a sports stadium. Since its inauguration in 1972, it has been the stage for all kinds of events ranging from open-air concerts to supercross championships and showjumping competitions. After \$10 million worth of improvements, it now seats 49,000.

SAINT-DENIS (inner city population 92,000) has the World Cup to thank for its transformation from a multiracial northern Paris suburb to the focal point of the biggest sporting event of this century.

Its celebrated basilica, one of the earliest and most splendid examples of Gothic art, is a striking counterpoint to the brand new Stade de France. Over the past thousand years, nearly all the kings of France since Hugues Capet

gigantic, elliptical disk suspended above the ground by eighteen steel girders, is an architectural triumph. Its bland name is the one disappointing aspect about it, but it probably avoided all kinds of hurt feelings and acrimony. The stadium is completely adjustable, with a retractable crown for athletic competitions, and can seat anywhere from 75,000 to 105,000. For the World Cup it will hold 80,000 spectators.

SAINT-ETIENNE (inner city population: 200,000) went through a boom then bust cycle, but it has survived the shutdown of its traditional industries and ranks today as the second-largest urban center (after Lyon) in the Rhône-Alpes region.

It started to grow in the sixteenth century and really came into its own in the nineteenth, as a leading industrial town. France's national school of mine engineering was founded there in 1816, and Manufrance, the famous arms and cycle manufacturer, set up its home base in Saint-Etienne. When it closed down, the town had to search for a new identity, which it found by developing into an innovative, lively center for all the arts, including a Modern Art Museum that has the second-biggest collection of contemporary art after Paris.

Saint-Etienne is also a Mecca for nature buffs, set in a vast stretch of green space and blessed with 2,000 hours of sunshine every year. For the World Cup, the "green city" will dress up in the colors of the competing countries and will offer virtually round-the-clock

Cup once before, sixty years ago. The rose-colored city built on the banks of the Garonne River and outlined by the Canal du Midi, combines great charm with learning and culture.

Its university, founded in 1229, has grown into France's second largest, with a particularly excellent reputation in scientific research and industrial applications such as aeronautics and electronics. It attracts more than 115,000 students each year, who are only too happy to take a break from their studies to stroll along the wide river, wander through the alleyways lined with sumptuous brick mansions, and sit in the city's innumerable cafés.

Toulouse is the center of the French aerospace industry, the headquarters of both Airbus Industrie and Ariane rockets. It is also a highflier in the arts with one of France's best symphony orchestras, a wealth of museums and galleries, an excellent theater and cinematheque, and several well-known music festivals.

The Garonne River will be the main stage of the city's World Cup festivities. Its tree-shaded embankments will become a permanent fairground; river shuttles will ferry spectators to the island where the municipal stadium is located; and there will be a huge water parade.

The Stadium, built in 1949 on the Ile du Ramier, cost \$23 million to renovate and now seats 37,000. ☺

Ester Laushway is EUROPE's Paris correspondent.

FRANCE WHERE THE TOURIST IS KING

Saint Tropez is sprucing up its beaches for the large numbers of visitors who will come to France this summer for the World Cup.

The terrace of Fouquet's, the celebrated café on the Avenue des Champs-Élysées across from the luxurious new Marriott hotel, has been redone for the spring and summer crowds of tourists strolling the world's most famous avenue.

A brand new terminal provides better facilities at the main entry point to France—Charles de Gaulle airport. A long-awaited US-style "people mover" is operating. French Railways has brightened mainline stations, and food standards on trains are looking up. Staff at the Crillon, the historic "palace" hotel on the Place de la Concorde, have polished every imaginable surface, normal in a hostelry packed with people paying \$550 a night, a class of traveler contributing massively to France's most successful industry, namely tourism, which provides the country with an \$11 billion surplus in leisure spending.

And, of course, Paris and nine other cities around the country are poised to greet the hundreds of thousands of fans pouring into France for the World Cup.

This Olympic Games-size event will see large numbers of people moving around France. The country, however, is well-equipped with the largest internal air network in Europe plus the acclaimed TGV express train service, which puts southern and other World Cup cities within three to four hours of Paris.

Many of the record 67 million people who visited France last year passed through the capital during high season. This year will be special with the French using the soccer tournament—the visitors as well as the global television audience of billions—to confirm their European lead in numbers of tourists and to encourage higher spending (a category in which they are outscored by Spain and occasionally Italy).

France with its myriad attractions, varied landscapes, and enviable lifestyle remains an inescapable destination. Posters and literature couched in patriotic terms are extolling hoteliers, traders, and ordinary folk to extend a special welcome to visitors and not to use the soccer championship as an excuse for some gouging.

The famous dancing girls at the Lido cabaret will be doing their bit. They already work very late hours but have agreed to strut even later so that clubbers can first watch the soccer on wide screens. The priorities have shifted—temporarily.

On Paris's Left Bank, leading perfume and luggage firms, which have opened luxurious emporia, replacing some intellectual haunts of old, are hiring extra sales staff for the expected rush. Riviera resorts from Menton to Saint Tropez are sprucing up their beaches for the habitual Italian, British, and American clientele plus hoped-for newcomers. The question, as elsewhere, is whether the Asians will come in any numbers.

Museums in Paris and the provinces are organizing a wide range of special shows. Paris's Grand Palais will feature an exhibition of Eugène Delacroix's paintings and the American photographer Man Ray. Several southern museums will exhibit equally impressive shows focusing on the works of Chagall, Léger, and Picasso. Granville, Normandy will host a retrospective of couturier Christian Dior's life and work. Small towns in the remote Gers department are putting on jazz and salsa festivals. Authorities in the Creuse, the poorest region of France, are subsidizing farmers to provide guest rooms.

By Alan Tillier

Service is In An American cartoon once had French waiters insulting each other across a boulevard with words, gestures, and bread rolls. The reason—an air traffic strike had deprived them of tourists to berate.

A slight exaggeration, but the black humor had roots. As one travel writer joked, “He was only God, but he finally caught a French waiter’s eye,” a reference to supercilious staff in the capital’s grand tourist trap cafés. Things are improving. It’s not the “smile campaign,” visible on stickers in the Metro, launched by trendy Michelle Demessine, junior tourism min-

ister. Neither, is it the “Let’s give a welcome” posters throughout Paris.

Market forces are responsible. In lean times, hoteliers, waiters, and others are having to compete. The numbers visiting France have never been higher, but many are eating homemade sandwiches, Dutch style.

Service is in, and the client is more or less king. Perhaps the change in attitude has been only reluctantly embraced. Evidenced by a supermarket manager recently overheard saying, “The client is king—of idiots.”

Nevertheless, Jean Tiberi, mayor of Paris, has circulated a

“be nice” leaflet to all shopkeepers on the eve of the World Cup. It seems to be having some effect.

Marc Rochet, president of Air Liberté, now challenging Air France on internal routes, says, “The client is right back at the center of our preoccupations.”

Passez une bonne journée (Have a good day) is heard increasingly. Juliette Zylberberg, young owner of 25eme Image, one of Paris’s new cultural cafés, full of art, music, and good food, adds, “There’s a new style. Customers need to be won.”

There are exceptions. Take the burly driver wedged into his

tiny cab, Gauloise cigarette stuck to his lower lip, skidding around the Place de la Bastille column in the rush hour at seventy mph, cursing all and sundry, no matter their color, race, or creed, both verbally and with highly politically incorrect gestures. He might as well have been from French central casting, kept there to remind everyone of what it was like before

On the front seat of his cab, he had an unread pamphlet from the mayor, which is a pity since Monsieur Tiberi is even offering prizes for niceness to the diehards.

—Alan Tillier

Provincial cities involved in the World Cup—Marseille, Montpellier, Nantes, Lyon, and others—are surrounding the soccer games with cultural events. Some economic factors are working in favor of the government campaign to persuade visitors to stay longer and spend more. Inflation is well under control. Hotel prices are much lower than in Britain, for example.

Everywhere, the rural *gîte* program is being extended. These are country cottages where a family of five can stay for as little as \$300 a week. Air fares are lower due to deregulation and competition from high speed trains. There’s a new emphasis on service, including better telephone manners by hotels, airlines, and the catering industry. There’s more conviviality these days at airports and train stations. Students are being employed as meeters and greeters.

Given these developments, the outcome of lean times, and the need to please the clients, the government’s “smile campaign” is really a waste of money. Anyway, smiles would be broader if French restaurant owners did not face heavy VAT charges, four times higher than those for fast-food outlets.

The top end of the French hotel market has clawed its way back from 50–55 percent occupancy a few years ago to a current 65 percent, but as Anne-Claire Taittinger, head of the Crillon and the Concorde and Campanile chains, stated, “Our social charges are 30 to 40 percent higher than in London.”

The answer lies in improved service by the 600,000 people employed in hotels and restaurants of France, plus the many more in indirect tourist jobs.

Today, tourism is the third-largest sector in France after farming and construction. The government realizes it is up to the tourist professionals to make the difference in foreigners’ choices. A new air agreement with Washington is expected to help.

“Our business to France is growing constantly, but it would boom with a new government-to-government agreement allowing us to expand our alliance with Air France,” said Continental Airline’s chairman and CEO Gordon Bethune. ☐

Alan Tillier, based in Paris, is the author of several travel books.

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CAPITALS

AN OVERVIEW OF
CURRENT AFFAIRS
IN EUROPE'S
CAPITALS

LISBON

NEW BRIDGE TO BRING BUSINESS

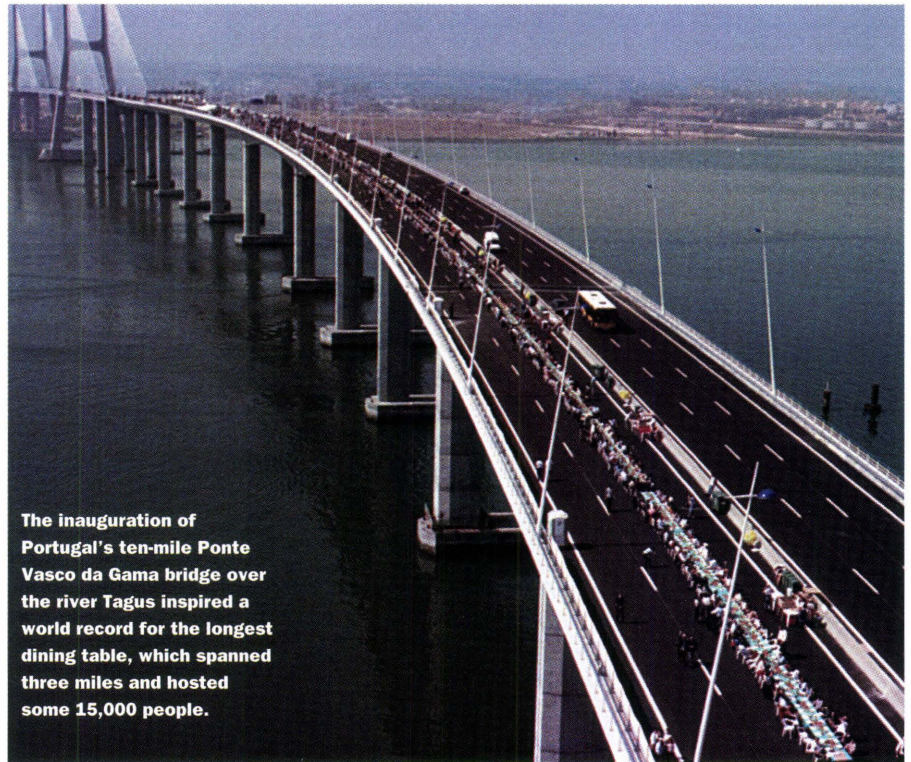
The inauguration of Europe's biggest bridge on March 29 marked an end to one of the biggest of the EU-funded projects that have driven Portugal's building boom in the past couple of years. The question is, does it matter?

The ten-mile pontoon bridge, which sweeps across the harbor separating Lisbon from the partly rural, partly industrial areas south of the river Tagus, took more than three years to build and cost almost \$1 billion. Economists estimate that the construction of the Ponte Vasco da Gama, named after the Portuguese navigator who discovered the sea route from Europe to Asia, added 1 percent to the country's gross domestic product last year.

Another massive construction project ends soon afterward in May, when the Expo '98 world exhibition welcomes an expected 8 million visitors. It cost even more than the bridge, although the government says the expense was worth it for the boost it will give to Portugal's image abroad and the regeneration of a former industrial wasteland skirting Lisbon.

The worry has been that the ending of such mega-projects might leave the economy high and dry. Now, though, it looks increasingly as if the EU-sponsored boom has helped Portugal enter a virtuous circle of strong economic growth and low inflation. While construction spending inevitably will slow this year and next, overall economic growth is accelerating as the country prepares to enter the European monetary union, locking in the lower interest rates that prevail in traditionally low-inflation countries such as Germany. That is helping boost consumer spending even as the government curbs investment.

Reason enough to celebrate for the 15,000 people invited to a record-break-



The inauguration of Portugal's ten-mile Ponte Vasco da Gama bridge over the river Tagus inspired a world record for the longest dining table, which spanned three miles and hosted some 15,000 people.

ing lunch staged on the bridge a week before its inauguration. The three-mile long table where they ate their *feijoada*—traditional bean stew—easily beat the existing record of two miles.

—Alison Roberts

STOCKHOLM

SUMMER PREP

Spring comes slowly to the Nordic world and a few final May snowflakes in Stockholm aren't unusual. However, that doesn't stop Swedes—who must be among the world's most avid gardeners—from flocking to garden centers for seeds and bulbs. Even before the ground is completely thawed, their spades hit the hard earth to try to ready it for planting.

If you think that can't happen in the city, think again. In the early 1900s, Stockholm began to offer small plots of land to residents who weren't fortunate

enough to be able to escape to the country in the summer, as so many Swedes do. Most were rented out on long-term leases for very modest sums or on the promise that the property would be preserved. One of the most famous of these so-called *koloniträgårds* (literally, garden colonies) is Tantolunden, a large tract in the southern part of the city.

Terraced above the banks of Årsta Viken, a bay that is part of large Lake Mälaren, sit dozens of little wooden cottages on small parcels of land. Just minutes from one of Stockholm's most heavily trafficked streets and the subway, Tanto is like a secret world away from the concrete jungle. The sounds here are waves lapping and birds twittering, not sirens screaming and horns honking.

Walk by any Saturday afternoon in May, and the place is alive with industrious gardeners, digging, tilling, and setting up stakes for the vines that will grow tall by August.

Cottages, built up over the years, are

spruced up, boards come off the windows, and furniture appears on tiny porches facing the bay. Debris from winter storms is cleared away. Up go Swedish flags, a virtual requirement for any summer residence. Neighbors who haven't met all winter hang over each others' fences catching up on family news and exchanging tips about what sort of flowers did best last year.

Down below, by the water, boat owners scrape, paint, and varnish hulls. The smell of tar wafts upward to the bare gardens. Ducks and swans paddle up to the banks of the bay, knowing they'll find more than one person to feed them dinner.

Come back for a walk in August, and the Tanto gardens aren't bare any longer. They explode with color. Roses wind along fences. Dahlias compete with peonies for pride of place, and sunflowers tower over all. Many gardens also boast at least a small fruit and vegetable patch, with that most Swedish of vegetables, the potato.

In late summer, residents join to sell their strawberries, and *smultron*, baby strawberries which are a Swedish delicacy.

Strictly speaking, cottage owners aren't supposed to stay overnight in their dwellings, since the Tanto colony has no proper plumbing. However, with sun-down at midnight and sunup at 2 a.m., it's easy to lose track of time and find yourself still there in the morning. What better place to lose yourself than a secret garden in the heart of the city?

—Ariane Sains

LUXEMBOURG

HIKERS' PARADISE

Peter Davis, an Englishman, lived and worked for twenty-eight years in Luxembourg and is one of the country's greatest admirers. Now retired from the European Parliament, he recalls his hikes through the astonishingly varied landscapes of Luxembourg's thousand square-mile territory—a third of it forest.

"Luxembourg is a marvelous country and a marvelous place to walk. I loved it," says Mr. Davis. His enthusiasm was infectious. A hiking club—the March Hares—formed by Mr. Davis and few friends in the 1970s is still going strong today but now with a multinational membership.

Luxembourg likes to call itself "the

green heart of Europe" and with every right. The dense forests that worried Julius Caesar more than 2,000 years ago stand today as a natural buffer between Belgium, France, and Germany, a kind of intermediate zone which throughout history has separated the Latin cultures to the West from the Germanic tribes in the East.

A determined mind and a healthy pair of legs could carry you across Luxembourg from west to east in a day—from Martelange in Belgium to Vianden near the border with Germany is just forty miles or so by marked walking trails.

Nevertheless, Mr. Davis counsels two days for the hike. The terrain is difficult in places. More important is that no sensible walker will want to rush past spectacles like that of the river Sur as it winds around the village of Esch or the views across to Germany from Vianden.

For much the same reasons, Mr. Davis allows seven days for the classic north to south traverse of Luxembourg, which follows the paths of three rivers down the eastern border.

This land will be familiar to many vet-

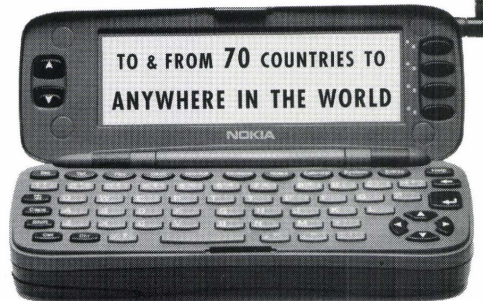
erans and moviegoers as the scene of some of the heaviest fighting in the Second World War. It was around here that General Patton finally crushed the last major German offensive in the Battle of the Bulge and for Americans there will be particular satisfaction in the memorials to the US Third Army to be seen in almost every village. This is typical Ardennes country, with densely wooded hills and valleys and meandering rivers. Further south, near the town of Echternach, the land becomes craggier, earning itself the nickname "Little Switzerland."

Finally, the hiker walks for a day up and down the undulating slopes of Luxembourg's vineyards on the banks of the river Moselle, ending at Schengen where a few more steps will take you into either Germany or France. From top to bottom, Luxembourg measures just sixty-two miles.

Part of the fascination of a Luxembourg walking tour is the variety of natural spectacle in compact form. Also, the historical associations abound on almost every route from the medieval castles of Clervaux and Vianden to the famous

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basilica and the unearthed Roman pescatorium at Echternacht. The city of Luxembourg, one of the most spectacularly beautiful of all European capitals, has a wealth of historic buildings and ruins, many of them a thousand years old.

At the last count Luxembourg had about 3,000 miles of marked hiking paths, cutting through forests, across fields, down village streets, and along riverbanks. It ranks as one of the densest hiking networks in Europe.

For tourists there are organized hikes every Saturday, Sunday, and public holidays. Lists of walks and accompanying literature are available from the Agenda Touristique, published by the National Tourist Office at PO Box 1001, L-1010, Luxembourg, Tel: 40 08 081; or from the Federation Luxembourgoise de Marche Populaire, PO Box 1157, L-1011, Luxembourg.

These mainly cover the 171 official hiking routes supervised by the tourist ministry, but there are numerous other trails created and maintained by local authorities. Hardly less extensive than this network of walking routes is the vast grid of special tracks for cyclists.

—Alan Osborn

LONDON

NEW LIBRARY DEBATE

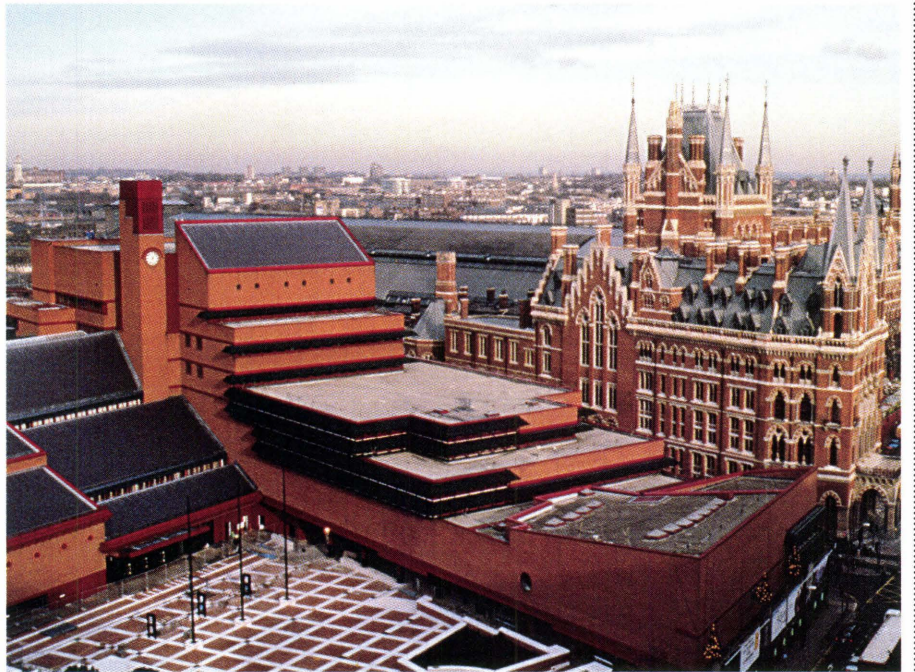
The British Library has moved its home in the largest library move in history, with 12 million books being transported a mile across London.

The new British Library is the biggest public building to go up in London since the National Theater in 1970. It is also one of the most controversial.

The project has been thirty-five years in the making, has cost almost five times its original budget, has space for only half the books originally planned, and has only one-third of the readers.

The new library is criticized above all for its physical appearance. Prince Charles, who laid the foundation stone in 1982, compared the plans to “an academy for secret policemen.” Others describe the building as looking like “an out of town shopping mall, lacking only the trolleys,” “a showpiece prison,” or a “sixties campus.” Even Colin St John Wilson, Sandy to his friends, the seventy-five-year old architect who has devoted most of his career to the building, refers to it as “the great British disaster.”

The kindest thing said about its exter-



Architect Colin St. John Wilson has referred to the new British Library as “the great British disaster.”

nal appearance is that with its clock tower, red bricks, and nests of slated roofs it looks like a city hall for a progressive new town in Finland. Perhaps this is nearer the truth because architect Colin Wilson is a huge admirer of the Finish architect Alvar Aalto.

However, just as it is dangerous to judge a book by its cover, so this building holds a delightful surprise for those prepared to push past the grim and depressing exterior. You will be captivated by the soaring lightness of the interior. In contrast to the massive, closed appearance of the outside, the interior is flooded with light and space.

One critic wrote, “The interior and exterior appear to be the products of entirely different sensibilities—the one as delightful as the other is dismal.”

The saga began in 1962 when it was decided to move the British Museum’s library to a new home where there would be more space for housing the books—it receives 2 million a year—in a more protective environment.

The first design was accepted in 1964, but since then, the story has been one of cuts, changes, and delays. There were three revisions of the plans and two site changes. The London Evening Standard newspaper described it as the “biggest civil service fiasco of modern times.” Some of the criticism stems from regret with the closure of the world-famous Round Reading Room at the British Mu-

seum. More than 100-feet high and 140-feet wide, the rotunda made the place feel like a temple of learning. In the 140 years since it opened, the Reading Room attracted a list of regular readers that sounds like a who’s who of modern politicians and writers, including: Karl Marx, Nikolai Lenin, Mohandas Gandhi, William Gladstone, Charles Dickens, Oscar Wilde, and George Bernard Shaw.

They had to wait up to two hours for a book to be delivered at the Round Reading Room in the British Museum. In the new library, the delivery time will be only thirty minutes.

“The original building embodied a magnificent vision, and it would have enhanced the library’s facilities much more than the modified construction will do,” says Sir Anthony Kenny, chairman of the library. However, he still believes that “when it is completed and the travails of its construction have been forgotten, the new library will be a magnificent home for scholarship, a central node in the international network of information.”

—David Lennon

MADRID

SPANISH-AMERICAN CENTENNIAL

Most Americans know that the Spanish-American War (1898) gave history the rallying cry “Remember the *Maine*” and Teddy Roosevelt’s famous

charge up San Juan Hill. However, few fully realize that the conflict transformed the United States into a power in the Pacific and the Caribbean and spurred the opening of Latin America to Yankee influence, all at the expense of Spain.

Spaniards, however, are thoroughly cognizant of the disaster and this year are in the midst of a yearlong commemoration of the war that spelled the end of Spain as a world power. Each week, newspapers publish supplements written by prominent historians chronicling the war; intellectuals attend debates on what it all meant; and exhibitions are held showing modern Spaniards how their forefathers lived and behaved in 1898, the year of the war in which America backed Cuban rebels trying to overthrow the Spanish colonial yoke.

Cuba was the jewel in the crown of the shrinking Spanish empire, and as 150,000 soldiers chased the guerrillas around the steamy, tropical island, President William McKinley sent in the US battleship *Maine* to fly the flag and remind the Spaniards who the new big boy in the neighborhood was.

While lying off Havana, the ship exploded, killing dozens of sailors. Washington immediately blamed Spain (although it has never been established if the blast was sabotage or accident), and war soon followed.

Before a peace treaty was signed in Paris later that year, Spain's once mighty fleet had been sunk by US naval guns, and Madrid had lost the Philippines, Puerto Rico, and Guam, as well as Cuba, effectively ending any hopes of imperial glory at the height of Europe's imperial age.

In Spain the defeat meant not only the loss of territory but also a wide-ranging examination of the country's political and military institutions. The disaster still rankles 100 years later. Sociologists claim anti-American feelings among Spaniards are a legacy of the war and attribute local criticism of current US policy toward Fidel Castro as a reflection of wounded pride and not just among the Left. Last year at a US-Spanish business forum in the southern city of Seville, several of the speakers discussed how the conference would help heal the rift between the two nations triggered by "the events of 1898." Spaniards in the audience applauded. The Americans didn't have a clue what their hosts were talking about.

—Benjamin Jones

HELSINKI

THE HELICOPTER DEBATE

With the cold war ended, the Soviet Union replaced by a dozen nations, and the Finnish government determined to keep Finland in the vanguard of a changing Europe, one could imagine the Finnish military might be somewhat frustrated. With few military threats, it would seem to be hard to argue for buying weapons. Nothing could be more wrong. Ever since the collapse of the Warsaw Pact alliance, the Finnish defense force has been able to arm itself in a matchless peacetime manner.

Russian anti-aircraft missiles, East German tanks, and Chinese assault rifles represent some of the less spectacular procurements. However, when the air force announced its purchase of sixty-four McDonnell Douglas F/A-18 Hornets, it made international headlines.

In 1992 Finland decided to purchase the fighter planes after evaluating five candidates: the French Mirage 2000-5, the Russian MiG-29, the Swedish JAS-39 Gripen, and the US F-16C and F/A-18.

The Hornet won and the generals got what they wanted. At least many of them say that Finnish defense has never been this strong in peacetime.

However, procurement seems to have a way of only whetting a military's appetite for more. Next on the menu is helicopters. This time, however, the decision is going to be much tougher. Defense Secretary Anneli Taina has asked the parliament to authorize her to order troop transport helicopters as well as combat helicopters, which would be used to protect the transport helicopters. However, parliament denied her request for roughly \$1.5 billion over a period of several years.

The fact that the Finnish airforce's current helicopters are outdated and need to be replaced is widely accepted by the members of parliament, but there is more than just helicopters linked to the question. Since the helicopters on the military's wish list—the Apache, the Super Cobra, and the Black Hawk—are US-made, some observers are wondering whether the generals are trying to link the country closer to NATO through its weapons procurements. The Russians are offering equally battle proven vehi-

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cles like Mi-24, Mi-28, and Ka-50 for half the price of the US models. In between there is the European Eurocopter Tiger, a Franco-German joint venture. Also, neighboring Sweden is in the process of modernizing its helicopter fleet, and many Finns would welcome closer defense cooperation with the Swedes, especially cooperative acquisitions.

In the end, the generals and Ms. Taina will get their helicopters, although perhaps not as many as planned. Nevertheless, by 2008 new helicopters will be part of the Finnish defense force, which continues to rely on compulsory military service by every Finnish male (and females who volunteer).

—Thomas Romantschuk

BERLIN

TIGHT RACE FOR CHANCELLOR

Germany's federal election on September 27 is expected to be a cliffhanger. Chancellor Helmut Kohl, sixty-eight-years-old, in power for sixteen years, is standing for a fifth four-year term. In previous polls, he's been able to easily beat his Social Democrat (SPD) challenger. But this time around he'll be facing Gerhard Schröder, fifty-three-years-old, prime minister of the state of Lower Saxony, a self-proclaimed political pragmatist who often distances himself from his party's left-wing. Like Britain's Tony Blair, he also professes to be friendly to business. Schröder recently savaged Kohl's Christian Democratic Union (CDU) in a Lower Saxony state poll, which he turned into a US-style primary to decide who would be the SPD's front-runner in September. Schröder declared he would not contest the nomination if he scored less than the SPD vote in the state elections of 1994. Having won easily, his rival, left-wing SPD chairman Oskar Lafontaine, immediately dropped out of the race, and the party overwhelmingly nominated Schröder as Kohl's challenger.

Schröder is photogenic, ambitious, and the darling of the media. Recently married for the fourth time after a messy divorce, he has given the media plenty of copy. Schröder says he wants to place the SPD in the political center, the "new middle," as Tony Blair did so successfully with his New Labor Party.

Chancellor Kohl is well aware that his CDU's vote has dropped continually from

48.8 percent in 1983 to 41.4 percent in 1994. He also knows that his past election victories were largely due to SPD's weaknesses, especially internal party strife. Nevertheless, after Schröder's sweeping victory in Lower Saxony, the SPD hopes to woo disaffected middle-of-the-road voters from the governing conservative-liberal coalition. Lafontaine's role will be to warm the hearts of the party's Left who would have preferred Lafontaine to Schröder. The SPD's hunger for power after sixteen years in opposition is so great that it is bound to unite—at least until the election—behind their popular candidate in a bid to close down the Kohl era.

However, the wild card question remains: Could Schröder win an absolute majority of seats in the parliament? Even the Social Democrats say that the most they can expect is a coalition with the maverick environmentalist Green party. Schröder has said that he'd be willing to lead such a coalition even with a majority of one. Moreover, the Greens say they'd be happy to join forces with him despite his pro-business reputation. The Greens' leader Jürgen Tretin said, "Schröder is...the only one to beat Helmut Kohl."

Schröder talks about the need for globalization and modernization, so does Kohl. However, says Dieter Hundt, president of the employers association, the SPD's economic program pursues traditional German ideas of taking care of trade union and business interests with old-fashioned state intervention. The SPD's economic policy, he warned, would boost government spending and lead to higher social security contributions, tax hikes, and higher non-wage labor costs.

Soon after Schröder's victory, the Greens' aspirations to become a credible party in a new government suffered a severe blow, which they inflicted on themselves. At a party convention in Magdeburg in March, they voted against the deployment of German forces abroad, including to Bosnia, for the abolition of NATO and the draft, and for abandonment of nuclear energy. Defense Minister Volker Rühe, a member of EDU, denounced the Greens as "irresponsible gamblers" on foreign policy who threatened to drive Germany into isolation. The convention also agreed on plans for tax and pension reform that were more radical than those of the SPD. However, what most angers Germans are the Greens' plans for a gasoline price hike to

\$2.80 per liter over a period of ten years.

The Greens' misstep could provide a reprieve for Kohl. "After the Lower Saxony disaster and a week of paralysis and helplessness," commented the respected *Frankfurter Allgemeine Zeitung*, "some confidence begins to sprout among the CDU and its junior coalition partner, the FDP." Chancellor Kohl is bound to launch heavy attacks against the SPD and the Greens: He who votes for the modern Schröder, the pragmatic man of the "new middle," also helps bring to

Germany's federal election on September 27 is expected to be a cliffhanger.

power the party that has not sweated out its ideological radicalism. "If this view takes root in the much-courted "middle" of German society, then the present coalition has a slight chance," the paper concluded.

Chancellor Kohl's greatest strength is that his opponents continually underestimate him. Nevertheless, it will be much more difficult for the chancellor to repeat previous electoral successes. The crippling 11.5 percent unemployment has triggered a confidence crisis in German society. Jobs are the voters' main worry, and many are sour about the government's inability to deliver them.

—Wanda Menke-Glückert

VIENNA

REMEMBERING SISI

One hundred years after her death at the hands of an Italian anarchist, Austria's Empress Elisabeth seems to be just as popular as she was when she was alive. Throughout the year, the country will be awash in exhibitions and performances remembering the life—and death—of the empress.

With her likeness on coffee mugs and candy boxes, T-shirts and toiletries, theater stages and television screens, Elisabeth may be the best-known woman in the city this season.

Elisabeth, or Sisi as she was commonly called, first captured the attention of the Austrian public at age sixteen, when she married Emperor Franz Josef. Her beauty and grace made her seem like a fairy tale princess, but behind the scenes, Sisi struggled in her new home. She couldn't abide strict court etiquette and clashed with her domineering mother-in-law, Sophie. At the same time, she trained to become a first-class horsewoman, had gymnastics equipment installed in the opulent Hofburg palace, and

championed social causes. However, with a faded marriage and the suicide of her son, Sisi traveled incessantly and was assassinated on the shores of Lake Geneva on Sept. 10, 1898 at the age of sixty.

Yet Sisi's saga lives on, played out every night in a rock musical at Theater an der Wien. With more than 1 million spectators having seen it, *Elisabeth* is the most popular German-language musical in history. Now her memory is moving further abroad, thanks to Los Angeles-based Saban Entertainment and its *Princess Sissi*, a Disneyesque cartoon with Franz Josef as the handsome prince and Sophie as the evil queen. The series is already a smash in Italy, France, and Germany, with more markets expected to pick up the show in the coming months.

Tied into the series has been a marketing blitz, with Princess Sisi fashion dolls and all the requisite accessories. Meanwhile, Germany's ExNorm has produced two models of prefabricated homes, named the Princess and the Imperial—for adults who want to live like royalty. Even Austrian Airlines is getting into the act, emblazoning an image of the animated Sisi on one of its planes.

On the cultural front, Schönbrunn

palace, the Hofburg, and the Hermes Villa will all host segments of the exhibit, *Elisabeth—Beauty for Eternity*, focusing on the personal, official, emotional, and intellectual sides of her personality. In Bad Ischl, the summer seat of Emperor Franz Josef's regime, a display will be set up documenting Sisi's Greek travels. An open-air pageant in September will cap the commemorations. It certainly will be a celebration worthy of royalty.

—Susan Ladika

DUBLIN

REMEMBER 1798?

This year the cry in Ireland is "Remember 1798?" and, for once, Protestants and Catholics are (almost) at one. 1798? The French Revolution of 1789 had passed. Austria, Russia, and Prussia had made peace with France the previous year, and Britain was virtually without allies. War with Revolutionary France had left Britain weakened. It was still reeling from the loss of the American colonies in 1782 and on the verge of bankruptcy—a daunting problem for the war-weary prime minister, William Pitt,

as he surveyed the mounting costs of defending Britain and its Irish colony against French invasion.

Ireland, the island beyond the island, remained the weakest link in that defense. A measure of self-government had already been granted to Ireland's ruling class—a small, selfish group of upper-class settler Protestants whose definition of "equal rights" did not extend to the Catholic middle-class.

Conditions were ripe for revolution and the formation of an independent Irish Republic, with the American and French Revolutions as dazzling models. The United Irishmen organization was founded in Belfast in 1791, as a radical non-sectarian coalition aiming to bring "Protestant, Catholic, and Dissenter" together in a shared political project to introduce an independent, democratic Irish Republic.

Only those professing the faith of the established Protestant church (about 10 percent of a population of 5 million) were entitled to vote or sit in parliament. More than 90 percent of the land was in the hands of Protestants of English origin. Catholics, who made up the bulk of the peasantry, the middle-classes of all de-

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nominations, and Presbyterians were excluded from political life.

The Presbyterians, largely descended from Scots who settled in northeast Ireland in the previous century, were even more keenly aware of the disabilities they suffered. (Over the course of the eighteenth century, thousands of them were forced to emigrate to America in the hope of finding more tolerable political and economic conditions.)

In this climate and under the shadow of the great European war between republican France and monarchical Great Britain, the United Irishmen were busily recruiting throughout the island. One of their leaders, Theobald Wolfe Tone, convinced Napoleon Bonaparte that his best means of invading Britain was through the backdoor—Ireland.

An earlier attempt (in December 1796) had failed when a thirty-five-ship fleet was hit by severe weather off the Irish coast and forced to return to France. However, that setback failed to deter Tone, the son of a Protestant coach maker and a member of the Irish Bar, who had been exiled to America for his political activities.

In Paris, in late 1797, he and other Irish emissaries persuaded the French to mount another invasion. Agreement reached, plans were immediately put in place for an Irish revolt. Middle-class Catholics, Protestants—including large numbers of disaffected Presbyterians—and land-hungry peasants joined by the thousands. In addition, in May 1798, 100,000 people throughout the island of Ireland rose in revolt against the British government.

Thomas Pakenham, in his elegant book, *The Year of Liberty*, writes that the rebellion of 1798 was “the most violent and tragic event in Irish history between the Jacobite wars and the Great Famine of the 1840s.”

Within four months, 30,000 people were killed—among them poor, unprepared, and undernourished peasants armed only with pitchforks and other adapted farming implements, as well as defenseless women and children.

A long-expected French invasionary force of 1,099 officers and men, led by General Joseph Humbert, eventually landed at Killala, in County Mayo, on Ireland’s northwest coast on August 22, 1798.

They were joined by 5,000 Mayo peasantry. However, after a series of local successes, the expeditionary force and its Irish corps were defeated.

Humbert and his men were treated “with all the courtesy of the conventions of war” and, after being feted by Dublin society, were released and sent back to France in an exchange of prisoners. The Irish were put to the sword, their leaders hanged or transported to foreign soil. Tone was tried and admitted to all the charges against him, but the British denied his one request—to die a soldier’s death before a firing squad.

Shortly before he was due to be hanged, he severed his throat and died a week later, aged thirty-five.

In that revolutionary year, more had died than during the entire Reign of Terror in the French Revolution, indicating the scale of the event in European history. The legacy of the period endures to the present day.

Now, in recognition of the continuing importance of 1798 in the island’s history, the Irish government has devised a series of cross-religion, cross-cultural, and other bicentennial commemorative events—not just in Ireland but in the United States, France, Australia, and Newfoundland.

When the program was launched in January, the taoiseach (Ireland’s prime minister), Bertie Ahern, made it clear these events would be treated “with sensitivity and due regard to historical fact” and to draw from it lessons, encouragement, and inspiration “for our work today in establishing lasting peace and reconciliation by agreement on this island.” That emphasis on healing the distrust between the main traditions permeates the list of commemorative events, including an ecumenical service in St. Patrick’s (Protestant) Cathedral in Dublin and a North-South choral festival of Mozart’s ‘98 Requiem.

—Mike Burns

BRUSSELS

REMEMBERING MAGRITTE

The mocking question “name ten famous Belgians” is often asked. One Belgian who would certainly appear on any such list is René Magritte, the surrealist artist born 100 years ago. The largest ever exhibition of his work, the *René Magritte Centenary Retrospective*, is now showing in Brussels and will continue until June 28. A smaller show, entitled *Magritte at Châtelet*, has been mounted at the town hall of the small town near Charleroi where he grew up.

This contains all his surviving “juvenilia,” never before publicly exhibited, and may be seen until May 17.

Overshadowed in his time by the more flamboyant and exhibitionist Salvador Dali, Magritte’s long-term influence on art, and especially on advertising, which has shamelessly plundered his creative ideas, has been profound. His specialty was to take everyday objects—such as pipes and bowler hats—and represent them in disturbing and unfamiliar contexts. As the critic George Melly wrote, “He is a secret agent. His object is to bring into disrepute the whole apparatus of bourgeois reality. Like all saboteurs, he avoids detection by dressing and behaving like everybody else.”

As well as his enormous surrealist production, Magritte painted a substantial number of haunting and lyrical pictures. One of the most famous of these, *The Empire of Light*, showing a single street lamp reflected on the white walls of a house and in the waters of the lake it faces, is permanently on show at the Museum of Modern Art in Brussels. Other notable Magritte pictures are in public galleries in New York and Philadelphia.

When Magritte died in 1967, his widow offered to sell fifty of his most famous pictures to the Belgian state at a bargain price. To the everlasting shame of the Belgian authorities, they temporized for so long that she changed her mind and sold most of them instead on the commercial market. Belgian public galleries consequently ended up with only ten of them. Thanks to the present retrospective, the great majority of these pictures can now be seen together, perhaps for the last time.

—Dick Leonard

THE HAGUE

A SPORTING IMAGE

Sport and politics have a lot in common. Both are, of course, about winning. Athletes and politicians talk about achieving goals, beating the opponent, scoring points. There are dirty tricks and fair play.

Sports can be used to give a youthful and vigorous image to political candidates. So it comes hardly as a surprise that in the May campaign for the Dutch parliamentary elections, some prominent politicians showed their athletic skills.

But what sport is fitting for a Dutch politician’s image? Certainly not golf, like

R O M E

DOCTOR STIRS MAJOR CONTROVERSY

Recent visitors to Italy might wonder just who is Luigi Di Bella. Over the past couple of months, Di Bella has dominated the newspaper headlines, superseding such stories as the February crisis in Iraq, President Clinton's intern problems, the drive for Europe's monetary union, and even—something truly unusual—Italian politics.

Dr. Luigi Di Bella, an oncologist and university professor who lives in Modena, stunned Italy's health authorities when he announced that he had developed a highly successful and relatively cheap cancer treatment. Dr. Di Bella explained that the chemical upon which his miraculous medicine is based, somatostatina, is a well-known product, easily available, and inexpensive.

Frankly, the news drove Italians a bit hysterical, with people lining up in front of pharmacies. However, not everyone greeted Di Bella's announcement with enthusiasm. His skeptics included, vari-

ous science luminaries who use other methods to treat cancer, pharmaceutical companies that produce more expensive medicines, the companies that build the equipment used to battle cancer, and Italy's minister of health, Ms. Rosy Bindi, who opposed widespread distribution of the drug under the national health coverage.

The media threw itself on the story and increased the controversy. Professor Di Bella did little to ease the frenzy. "I have been using this cure for many years. And it isn't always successful," he said. "Why are you taking notice only now?"

The debate took a turn for the positive when Ms. Bindi, realizing she had public opinion against her, nominated a commission of experts, which included some of Italy's most famous doctors, to investigate the treatment. When the commission agreed to officially test the medicine, Di Bella declared himself satisfied. However, a short while later he denounced the commission for choosing only to test the treatments on patients who were already terminally ill.

The battle quickly degenerated into a political face-off between the regions, many of which had ordered the free or

American presidents are fond of playing.

Dutch politicians are supposed to show their modesty and frugality. Post-war Prime Minister Willem Drees, who served during the reconstruction years, offers perhaps the most famous example of having walked to work from his home to his government office.

Today, more dynamism is allowed. First came Jaap de Hoop Scheffer, leader of the Christian Democrats. In interviews, he liked to mention casually that he was an avid jogger. On Sundays, he could be seen running along the beach on the North Sea near the Hague. Television programs showed shots of him jogging, and finally posters of the politician in shorts appeared at railroad stations. He also showed up on speed skates in a skating ring.

There is a tradition with sportslike Christian Democrats. Andreas van Agt, prime minister in the late seventies and later the ambassador of the European Union in the United States, was fond of bicycling. He even showed himself in a cycling outfit riding a racing bike, and as part of his campaigns, he would appear as a spectator at the Tour de France. Ruud Lubbers, his successor as prime minister, played field hockey and attended Olympic Games. Other Christian Democratic leaders, like Elco Brinkman (biking) or Enneüs Heerma (skating), also tried the sporting image. They failed, however, as party leaders.

Other parties seem to have fewer athletes in their ranks. The conservative leader Frits Bolkestein allegedly plays tennis, but he rather projects himself as a reader of books. Leftist politicians don't seem to have time for sports—and probably don't want to be identified with elitist leisure activities.

What about Wim Kok, the present prime minister and leader of the Social Democrats? Although he is a soccer fan and visits important matches of the Dutch national soccer team, he does not seem to be an active sportsman.

Nevertheless, in a campaign spot, the prime minister unexpectedly appeared on a bicycle in the streets of Amsterdam. Wim Kok prudently crossing the centuries-old bridges of the Amsterdam canals and cycling through the busy city traffic presented a memorable image.

The bicycle he used was given to him and all other European leaders as a souvenir from the EU's Amsterdam summit last June.

—Roel Janssen

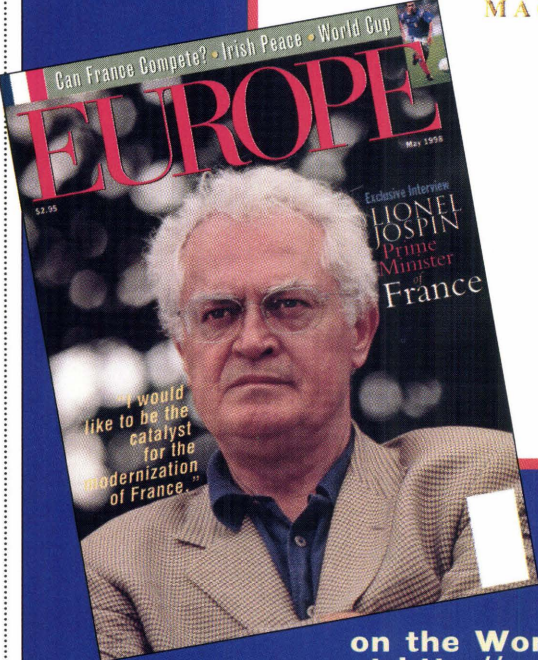
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low-cost distribution of the drug, and the central government, which opposed it. The administrative tribunal of the region of Lazio (which includes Rome) openly defied Minister Bindi, ordering the free distribution of the drug and nominating a special commissioner to oversee the distribution. At this point, Prime Minister Romano Prodi was forced to side with his minister, effectively sending the issue to the Constitutional Court, which will likely cause the debate to be extended for quite some time.

—*Niccolò d' Aquino*

ATHENS

SPOTLIGHT ON CRETE

This summer the city of Heraklion in Crete hosts a major archaeological exhibition that turns the spotlight on the life and times of early traders in the eastern Mediterranean.

The exhibit covers the years between 1,600 BC and 600 BC, from the rise of the Mycenaean Greeks' commercial activity in the region to the days when the Phoenicians were the most prominent merchants.

"The name means 'the reds,' not because of their hair or skin, but because of the red clothes they wore. The dye came from the murex shell, and its production was one of the Phoenicians' main activities," says Nikos Stampolides,

a professor of archaeology at the University of Crete.

Stampolides and colleagues Alexandra Karetzou and Athanasia Kanda chose 350 objects—pottery, metalwork, jewelry, ivory, and glass—from museums in Crete, Cyprus, and the eastern Aegean islands to illustrate business, social, and religious life in a period when intermittent economic contacts developed into regular trade. The routes survived despite political upheavals and the momentous technological transition from bronze to iron for weapons and tools.

Regular trade was interrupted for a relatively short time during outbreaks of war at the turn of the second millennium BC, which have become known as the Dark Ages, Stampolides says. "Recent finds show that this period was shorter than had been thought. I suspect it may prove to have been no more than a generation. It's clear from the archaeological record that the knowledge of sailing routes and harbors didn't disappear.

The objects illustrate "private life, social life, and religious life for people in the region," he says.

Early trade, Stampolides argues, was organized by a wealthy ruling class who had the resources to finance the construction of ships. Trading ships carried a contingent of soldiers or were accompanied by warships to fight off pirates and provide protection for the merchandise.

He points to the emergence of popular early brands, such as the flasks of aromatic oil from Cyprus, which were imitated by the Cretans in the Iron Age. Even in religion, the Cretans were willing to accept and adapt deities from abroad, like the "Master of the Animals," a figure flanked by two rampant lions, which were brought to the island from Syria.

The exhibit includes some basic commodities, such as copper talents from Cyprus and the raw materials for making luxury objects—ivory tusks and ostrich eggs from Africa—as well as jewelry in gold and semiprecious stones.

—*Kerin Hope*

COPENHAGEN

SPRING ELECTIONS

Danish elections are often closely fought, but the March election proved to be especially tight right up to the end. Its outcome was decided by the election of a Social Democrat, Joannes

Eidesgaard, on the Faroe Islands in the northern Atlantic Ocean with a majority of 176 votes.

Traditionally, the Faroe Islands, with a population of only 44,000, return two non-socialist members to the Danish parliament, the Folketing. Ironically, dissatisfaction with the Faroe government's handling of a banking dispute with the government of Social Democratic Prime Minister Poul Nyrup Rasmussen triggered a protest vote that unseated a Liberal and saw the election of Joannes Eidesgaard, who has said that he will support the Danish government only on vital issues and that he will not join the Social Democratic parliamentary group.

The first evidence of his independent stance was his refusal to support the government candidate for speaker of the Folketing. The resulting tie of votes had to be resolved by lottery, and the Liberal contender was the lucky winner. And Eidesgaard has promised his electorate that he will deliver a sweet financial package to lighten the still serious economic problems of the islands.

This will bring the Faroe Islands on a collision course with Denmark, a confrontation that is expected to be exacerbated by regional Faroe elections in June. All the political parties on the islands are demanding compensation for losses incurred in the early 1990s, after the collapse of the major locally owned bank and the ensuing rescue and merger with its equally stricken main rival, which is owned by Denmark's largest bank, Den Danske Bank.

The Faroe government claims that the Danish bank gave misleading optimistic figures on the state of the local portfolio prior to the merger, a claim that was supported by an independent inquiry but is vehemently denied by the bank. The Faroes are seeking \$215 million, but the Danish bank has offered only \$30 million, and the Danish government has made no specific commitment. Litigation is likely.

However, the Faroe government wants even more. It has demanded a rescheduling of its \$1 billion foreign debt and ratification of a new bill granting home rule, presently under scrutiny in the Faroe regional parliament, the Lagting. The party advocating full independence is still in the minority, and while full independence is not a viable economic option, the ties to Denmark are certain to become weaker.

—*Leif Beck Fallesen*

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ARTS & LEISURE

FILMS

Dumas and Hugo: The Men Behind the Mask and *Les Misérables*

The *Man in the Iron Mask* and *Les Misérables*, two popular movies, have just been released,

with screenplays based on nineteenth century best-sellers. Two prominent French authors wrote them: Alexandre Dumas, the people's favorite, and Victor Hugo, the revered man of letters and elder statesman. Both were born in 1802 and both were larger-than-life characters who could have stepped straight out of one of their own novels.

Alexandre Dumas (1802–1870), who could spin a yarn with the best of them, could not have woven a more colorful plot than his own life story. France's most popular and prolific nineteenth century author, who wrote dozens of action-packed, romantic novels and plays loosely based on history, was the grandson of a French marquis and a slave girl from the West Indies. His father, grandly named Thomas-Alexandre Davy de la Pailleterie, worked his way up through the French army to become a celebrated general under Napoleon Bonaparte by the time he was thirty-one. He died young and left his son nothing but his noble reputation. Little Alexandre grew up poor and practically illiterate, but set off at age twenty to make his fortune in Paris, like any good story-

book hero would do. Five years later, he had written his first successful play, and by the time he was thirty-five, he was a legend of his own making. Dumas did nothing in a small way. As a writer, he produced hundreds of plays, novels, and travel diaries, often working night and day to finish them. They were swashbuckling, rollicking tales that had no great literary pretensions but kept their readers spell-bound. Dumas lived with the same gusto that characterizes his works. He fought in three revolutions, had countless mistresses, legions of friends and hangers-on, and was famous for his lavish hospitality. In 1847, when he moved into a little château about ten miles west of Paris, just after finishing his best-selling novel *The Count of Monte Cristo*, he invited 600 people to the housewarming. He had the château built to his own whimsical specifications, complete with a diminutive waterfall and a miniature Gothic dungeon where he liked to work. Dumas called his place in the country the Château of Monte Cristo, and kept an open house for anyone who showed up on his doorstep—starving artists, former mistresses, even strangers were warmly welcome. In spite of his tremendous literary output and the great success of novels like *The Three Musketeers*, Dumas' extravagance eventually led to financial ruin. He had to sell his

château, but his hearty appetite for life never diminished, and he carried on writing, traveling, and carousing to the very end.

Victor Hugo (1802–1885) dominated nineteenth century France, not just as a much read and respected writer but as a dominant political figure, indeed the figurehead of the Republican

who went mad; his eldest, adored daughter Leopoldine and her husband were both drowned in 1843; and his youngest daughter, Adèle, spent eighteen years desperately chasing an English soldier. She pursued him from Guernsey to Halifax to Barbados, her unrequited love for him gradually driving her insane. Hugo's grief over

Leopoldine's death made him abandon writing for a while and concentrate on politics. Originally a supporter of the Right, he became a fervent activist for the Left—the poor and downtrodden he described so movingly in his great novel *Les Misérables*. His opposition to the coup d'état that made Napoléon III the self-



Irish actor Liam Neeson stars in the newly released movie *Les Misérables*.

Left. Like Dumas, Hugo was the son of a French general, but unlike him, he was a gifted student who attended all the right schools. He started writing in his teens, but it was not until he was twenty-eight that the premiere of his play *Hernani* caused a full-blown riot between rival literary factions and turned him overnight into the idol of the young French romantics. Another triumph followed soon after, with the publication of his novel *Notre Dame de Paris* (*The Hunchback of Notre Dame*). Along with public fame, Hugo had the turbulent kind of private life that often seems to be the price for celebrity. His marriage split up because of affairs on both sides; he had a brother

proclaimed emperor of France forced him into exile from 1851 until 1870. When the Third Republic was declared, Hugo returned to Paris, where he became first a member of parliament, then a senator. An imposing, bearded patriarch, Hugo was so rich and powerful in late life that his eightieth birthday was celebrated by the entire French nation. When he died, his funeral was of heroic dimensions. Hugo's body was carried from the Arc de Triomphe to the Pantheon, the burial place reserved for France's greatest sons. In keeping with his wishes, it was transported on a humble wooden cart, like those used for the poor he had defended all his life.

—Ester Laushway

NEWSMAKERS

Who's Who on the Field Top Teams and Key Players

ARGENTINA: World Cup Winners twice—most recently in 1986.

Gabriel Batistuta: a twenty-nine year-old record goal scorer for his country. If Argentina is to do well, he needs to be given the ball.

Jose Chamot: a twenty-nine-year-old veteran stopper from 1994 World Cup, played in 1996 Olympic Games in Atlanta.

Ariel Ortega: the twenty-four-year-old successor to Maradona, leading scorer in qualifying rounds.

BRAZIL: Current World Cup holders and only country to have won the cup four times, ranked number one by FIFA (soccer's world governing body).

Ronaldo: voted the world's best player at the moment, plays his club soccer in Italy for Inter Milan. He was on the 1994 squad but never played a match. He is only twenty-one.

Romario: thirty-two-year-old forward who played on the championship team in 1994, may be past his prime but always a threat in front of goal.

Roberto Carlos Da Silva: a twenty-five-year-old defender, brilliant at free kicks, and second to Ronaldo in the ballot for player of the year.

BULGARIA: Finished a well-deserved fourth in 1994, beating Germany in the quarter finals. Not expected to do so well this time around.

Emil Kostadinov: a thirty-year-old forward with a lot of experience and goals for his country.

Hristo Stoichkov: the thirty-two-year-old hero of 1994, past his prime but always a player to watch.

COLOMBIA: Failure in 1994 is expected to revive this skillful team in 1998.

Carlos Valderrama: a thirty-six-year-old midfielder maestro, who features dyed orange hair and proves difficult to mark, although it seems sometimes he is simply walking around the field.

Faustino Asprilla: a twenty-eight-year-old forward, very skillful but also very temperamental.

CROATIA: First time to compete as an independent nation in the World Cup.

Zvonimir Boban: the team captain, a twenty-nine-year-old midfielder and playmaker.

Davor Suker: a thirty-year-old forward, scores in almost every game for his country so it seems.

Alen Boksic: a twenty-eight-year-old gifted player, it was his goal that secured a place in France.

DENMARK: Small country, big heart, could be a surprise team.

Peter Schmeichel: a

Youri Djorkaeff will play for France in the World Cup just like his father did.



twenty-nine-year-old goalkeeper and team inspiration.

Michael Laudrup: a thirty-four-year-old who played in 1986 World Cup, Denmark's only other appearance.

Brian Laudrup: twenty-nine-year-old younger brother of Michael, with wonderful skills.

ENGLAND: High hopes are being put on them especially after not qualifying in

1994 and leading Italy in qualification.

Paul Gascoigne: thirty-one-year-old magician in midfield, off one minute, genius the next.

Alan Shearer: twenty-seven-year-old forward, who ought to be fully recovered from early season injury.

Michael Owen: Only eighteen-years-old but a player who deserves a chance.

FRANCE: Host nation, expected to do well.

David Trezeguet: twenty-year-old who could be the surprise for France.

Youri Djorkaeff: thirty-year-old forward, father Jean played in 1966 World Cup finals.

Christian Karembeu: twenty-seven-year-old midfielder.

GERMANY: Always a threat and current European Champions, no surprise if they win the World Cup.

Oliver Bierhoff: thirty-year-old hero of European Championships, leading scorer in Italy with club team Udinese.

Jurgen Klinsmann: thirty-year-old national captain represented his country more than 100 times but still not guaranteed a place on the field, World Cup winner in 1990.

Andreas Kopke: thirty-six-year-old goalkeeper who plays his club football for Marseille.

NETHERLANDS: Good enough to win the World Cup having been runners-up twice before in 1974 and 1978.

Dennis Bergkamp: twenty-nine-year-old leader of this skillful team.

Clarence Seedorf: twenty-two-year-old, enormous talent in midfield.

Marc Overmars: twenty-five-year-old speedy winger who is a teammate of Bergkamp's at Arsenal in the English Premiership.

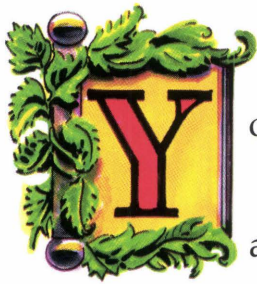
ITALY: Tremendous World Cup tradition, three-time winners, runners-up in 1994.

Paolo Maldini: thirty-year-old, son of coach.

Alessandro Del Piero: twenty-three-year-old forward who is expected to prove this summer his world-class talent.

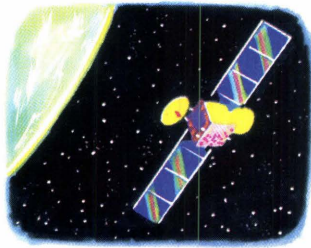
Dino Baggio: twenty-six-year-old midfielder with a powerful shot. ☺

Kevin Richards served as an advisor to ESPN during the 1994 World Cup.



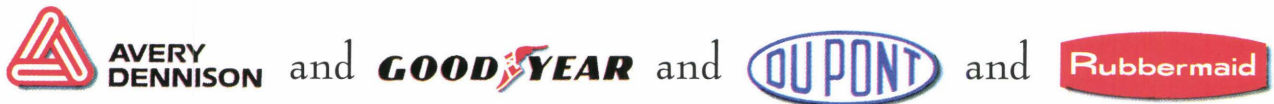
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