

Luxembourg • European Space Agency • Cultural Capital

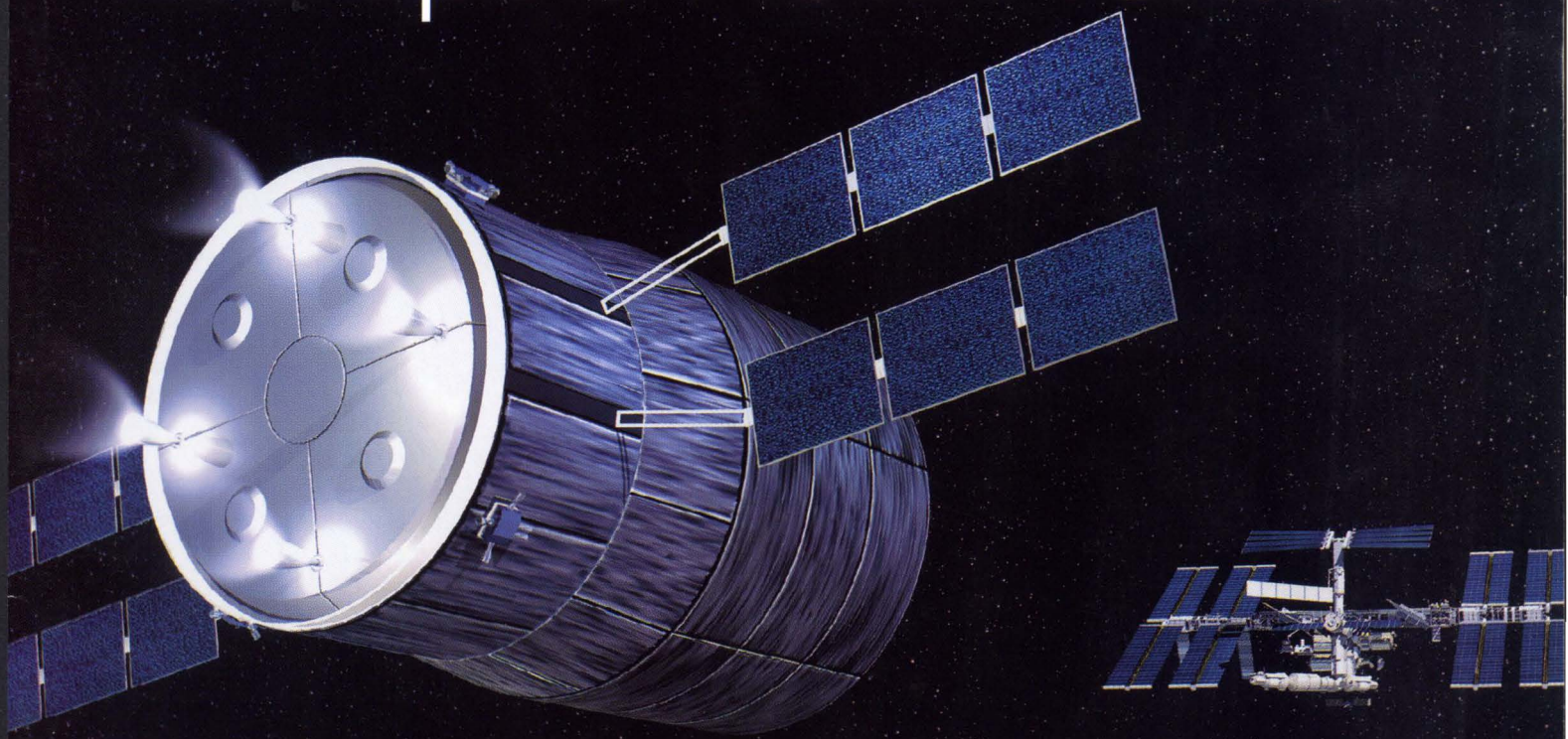
EUROPE

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March 1999

SPACE

Europe's New Frontier



ECIS: 2



LUXEMBOURG

Luxembourg has a stable and supportive business environment

Robert Goebbels, Minister of the Economy, Energy and Public Works, talks about business opportunities in his country

Mr. Goebbels, what are your main objectives as Minister of the Economy of Luxembourg?

Diversifying and developing the industrial structure of our economy, and providing investors with a Luxembourg location to grow their business in Europe are key policy objectives of my Government. It is important for a country like mine to make international companies aware of "the Luxembourg opportunity."

"Our relative size can yield big advantages"

Given its size, how can Luxembourg compete with its larger neighbors?

Luxembourg is not an economic superpower. But our relative size can yield big advantages. We have a long tradition of integrating within larger economic areas (Benelux, the European Union), neutrality and experience in participating in foreign markets, and, not least, rapid decision making in an efficient, solutions-oriented administration.

Your country is well known for being politically and socially very stable. How do you see the relationship between labor, management and the Government?

Social unrest and labor disruptions are virtually unknown in the Grand Duchy. They have been avoided thanks to regular consultations between labor, management and the Government. In fact, for more than 70 years, there have been no major strikes in my country. Social tranquility has been an important component of the past economic success of Luxembourg, and will continue to be a Government policy objective in the future.

INTERVIEW



A company decision maker is interested in knowing about the availability of skilled labor. Are there any problems in that regard?

A highly qualified and multilingual work force lives in Luxembourg and in the larger integrated economic region called Saar-Lor-Lux who also consider a Luxembourg job location to be highly attractive. Our workforce enjoys a reputation for its skills, high productivity and professional attitude.

"Our workforce enjoys a reputation for its skills"

At crossroads of international business, infrastructure is a key element of ensuring the best connection to relevant markets. How would you evaluate the development of infrastructure networks in Luxembourg?

In my additional capacity as Minister of Public Works, I have been sensitive to the need for state-of-the-art infrastructure and digital telecommunications networks designed to provide an optimal link to economic and political centers throughout the world. All of our country's major industrial parks are fully equipped with modern utilities, and are located on or close to international road and rail networks. Luxembourg International Airport provides regular passenger and cargo service to the American and Asian markets.

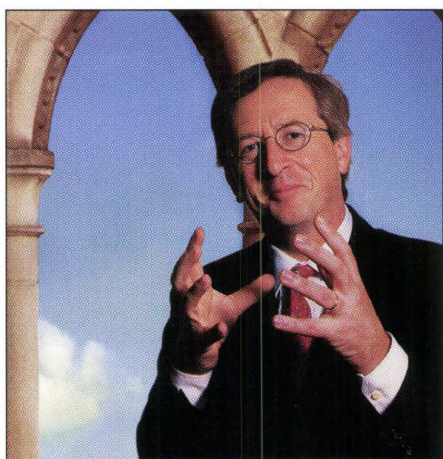
"Luxembourg's benefits include competitive overall labor cost."

It takes substantial economic arguments to persuade a company to establish a foreign subsidiary. How would you summarize Luxembourg's unique advantages?

Luxembourg's benefits include pro-business policies supporting freedom of private initiative; unmatched political and social stability; competitive overall labor costs resulting from high productivity and low social costs; an attractive fiscal environment; no red tape; and modern infrastructure. These elements, combined with a stable business environment, have been key incentives to many international companies choosing Luxembourg as their strategic location in the European market. It is my Government's stated objective to maintain the favorable business climate which to a large extent has been responsible for the high growth and investment performance of Luxembourg and its foreign corporations in the past.

EUROPE

MAGAZINE OF THE EUROPEAN UNION



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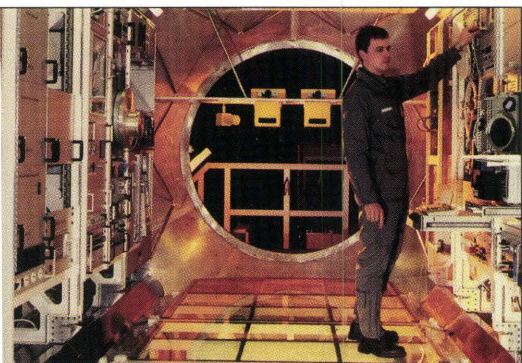
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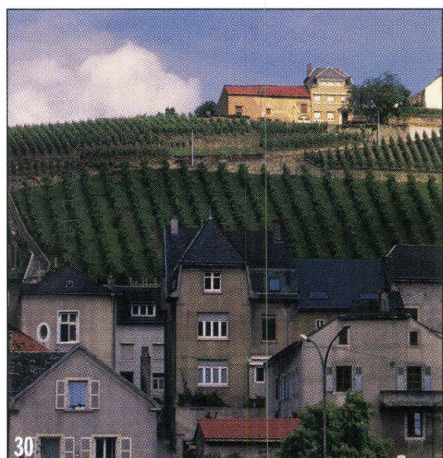
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ECIS: 2

Letter from the Editor

“The Europeans are playing a leading role in promoting the international cooperation so vital to the success of the international space station,” reports Stanley Holmes in his article on the role of the European Space Agency (ESA) in building this complex project to be completed early in the new century.

Pedro Duque, the Spanish astronaut who flew with John Glenn on the *Discovery* space mission last fall, speaks with *EUROPE* about his mission, astronaut training, and the outlook for Europe in space.

“Europe can be proud of what we have achieved in space,” says Antonio Rodota, director general of the fourteen-nation ESA. Axel Krause, writing from Paris, profiles the ESA and remarks that “Western Europe is the world’s second-largest space power.”

EUROPE also looks at the rise of Airbus in the commercial airplane market and how the once upstart plane maker has shaped the aviation industry.

In an exclusive *EUROPE* interview, Luxembourg Prime Minister Jean-Claude Juncker, speaks out on the success of the euro, EU enlargement, Luxembourg’s booming economy, and a common foreign and security policy for Europe. Alan Osborn, reporting from Luxembourg, reveals how this small but dynamic country can boast of having Europe’s largest steel producer and the biggest commercial television operator on the continent.

In this month’s business section, *EUROPE* looks at the tourism industry, which last year generated 14 percent of the total gross domestic product of the fifteen-nation European Union. We also journey across the EU to profile major European attractions and the biggest moneymakers. Benjamin Jones, writing from Madrid, explains how the single currency will make European vacations simpler in the near future.

In this month’s expanded travel section, we visit Weimar, the 1999 EU Cultural Capital; the gorgeous island of Mallorca; and the mineral springs in Genval. Meanwhile, our Capitals correspondents venture beyond the normal tourist haunts to find their city’s hidden treasures—from butterflies in Vienna to a painter’s house in Madrid to a musical museum in Brussels to secret gardens in Paris.



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Space: Europe's New Frontier
(On the cover: an artist's rendering of the "automated transfer vehicle," Europe's spacecraft for resupplying the international space station.)



Portugal

A DREAM YOU CAN AFFORD

The show is over, but the beat goes on! After hosting EXPO '98, the last world's fair of the 20th century, Portugal is looking ahead to the 21st century, with some new attractions added to its timeless treasures.

The compact country – just 350 miles from north to south and 138 miles at its widest point -- is the essence of everything you can imagine in landscapes: rolling mountains, golden plains sown with wheat, sun baked land speckled with cork trees and olive groves, Atlantic dunes ending in vast stretches of sand and colorful beaches, full of light.

Lisbon

In the capital Lisbon, the EXPO '98 exhibition site is a new, vital part of the city. One of the permanent showpieces it has left behind is the Oceanarium, now the largest aquarium in Europe.

With its seven famous hills, Lisbon offers a series of breathtaking views. The steeply winding streets are a sport of their own, but luckily trams, buses, funicular railways and elevators can take footsore visitors to wide esplanades paved with black and white mosaics, to open squares where you can buy fresh flowers and roasted chestnuts, and to such historic sights as the fairytale turrets of the Belém Tower down by the Tagus River.

Located as it is on the tip of Portugal's "nose", where it juts into the Atlantic, Lisbon is an ideal starting point from which to discover the many charms that Portugal holds, in an area barely bigger than the state of Indiana.

Beiras-Central Portugal

North of Lisbon, along the coast, breakers roll in over 120 miles of white sandy beaches, lagoons are bathed in pearly light and rivers wind gently through shady valleys.

Porto and the North

Portugal's second most important city is Porto, in the north. It is a region of emerald valleys, pine-scented forests and purple vineyards. Steeped in history, because this is where Portugal was born in the 12th century, it is also steeped in wine. Its famous Port is blended from more than forty grape varieties and aged in warehouses on the Douro river.

Alentejo

The plains region of south-central Portugal, with vast rice and wheat fields, is at its best in the spring and fall. Besides wide open spaces, the area offers fortified castles and unforgettable cities like Évora, a World Heritage site blending Roman, Moorish and Renaissance-style architecture.

Algarve

Some of the most beautiful beaches in the world lie on the 100-mile stretch of coast on Portugal's southern edge. Tiny bays, coves and soft sand alternate with fiery-colored rocky outcrops, and the sun beams down for more than 3,000 hours a year.

Madeira and the Azores

The charms of Portugal do not end with the sea. Some 610 miles southwest of the mainland, the island of Madeira rises out of the ocean like a floating tropical garden. Further west, one-third of the way to New York, the nine volcanic islands of the Azores are anchored in the Atlantic. Legend has it that they are part of the remains of the sunken kingdom of Atlantis.

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EYE ON THE EU



Profiling
Personalities and
Developments
Within the
European Union

LOOKING FOR NEW LEADERS

With little more than three months to go before the Cologne summit in June, speculation is heating up on who will fill the two top jobs in the European Union for the next five years. They are the presidency of the European Commission and the high representative for the EU's common foreign and security policy.

The high representative should have been appointed last fall, but the EU heads of government decided to postpone their choice until June. There is a rather select field of runners, headed by Carl Bildt, the former Swedish prime minister, and Carlos Westendorp, his successor as EU representative in Bosnia and a former Spanish foreign minister. The job is known colloquially after its French acronym, "Monsieur PESC" (Politique Etrangère et de Sécurité Commune), but strong support has built up for a "Madame PESC" in the form of Elisabeth Guigou. Now France's justice minister, she has useful European experience as a former minister for European affairs and a leading member of the European Parliament.

A latecomer to the contest is Paddy Ashdown, who recently announced his forthcoming retirement as leader of the United Kingdom's Liberal Party. A former marine and long-time advocate of a more muscular western intervention in both Bosnia and Kosovo, Ashdown has a more

activist profile than any of his rivals. At present, he is very much the outsider, but he is close to Tony Blair, and if the British prime minister were to throw his weight behind his candidacy, he would be in with a chance.

The race for the presidency of the Commission is a more complex affair, not least because the appointment will need to be approved by the European Parliament, which itself is being re-elected in June. When Jacques Santer was appointed five years ago,

The race for the presidency of the Commission is a more complex affair, not least because the appointment will need to be approved by the European Parliament, which itself is being re-elected in June. When Jacques Santer was appointed five years ago, he indicated that he would only be seeking a single term. He is since believed to have changed his mind.

he indicated that he would only be seeking a single term. He is since believed to have changed his mind, but a second term is unlikely unless there is complete deadlock over the choice of his successor.

The conventional wisdom is that, as a right-of-center candidate from a small country (Luxembourg), a left-of-center nominee from a larger country will follow Santer. The frontrunner at present is Romano Prodi, who resigned as prime minister last Octo-

ber after more than two years leading the center-left Olive Tree coalition. Another Italian ex-premier, Giulio Amato, is also in the running, but Prodi seems to have the edge.

A surprising rumor, which appeared to come from French governmental circles, surfaced in December that the new German government would nominate Oskar Lafontaine for the post. The suggestion was that Lafontaine, the leader of the German Social Democratic Party and finance min-

almost certainly regards his presence in the government as a reinforcement, rather than a challenge to his own authority.

If Prodi is to have a challenger, it is more likely to come from the Iberian Peninsula. Felipe González, Spain's former Socialist prime minister, is no longer regarded as a likely contender, but his former foreign minister, Javier Solana, a highly competent secretary-general of NATO, would be a stirring candidate. People close to Tony Blair have recently suggested that he personally would favor Portugal's prime minister, António Guterres, but it is far from clear that he is willing to be nominated.

There is still time for dark horses to emerge, but it would be surprising if the final choice was not restricted to present or former prime ministers or foreign ministers.

Whoever heads the next Commission is likely to lead a team of newcomers. Of the present Commission of twenty, only four—Neil Kinnock (UK), Monika Wulf-Mathies (Germany), Erkki Liikanen (Finland), and Franz Fischler (Austria)—are fairly certain to be renominated. Perhaps one or two more may stay, but most of the others have either indicated a wish to retire or are unlikely to be backed for another term by their governments, which in several cases have changed their political complexion since the Santer Commission was appointed. "All change in Brussels" may well be the order of the day.

—Dick Leonard

EU ONLINE



TAILORED TRAVEL SITES

An international businessperson, a college student, and a retired couple would be unlikely to approach an overseas vacation in the same way. An ever-increasing number of Internet businesses can help book flights, arrange car rental and hotel rooms, and suggest restaurants. But these large-scale Web sites can't be all things to all people. So as travelers begin dreaming up their plans for 1999, several sites can help create a vacation that reflects the interests and personality of the individuals.

The well-traveled businessperson may be looking for a complete departure from his usual experience in a large hotel in the middle of a city. A week's stay in a chateau or a country bed and breakfast might be the answer. The Discover French Chateaux site (www.chateau-france.com) includes dozens of historical properties that offer short and long-term stays as well as day tours. Visitors to the site can search geographically or enter the sought-after amenities to find a chateau, such as Normandy's sixteenth-century Chateau de Sassetot. The list-

ing generally includes photos, a bit of historical background, and an explanation of activities in the area. Prices and contact information also are included.

Another good source for manor house or castle hotels is the Relais & Chateau group. Hundreds of unusual properties world-

wide are part of this organization, which handles booking and marketing. The company's Web site (www.relais-chateaux.fr) allows viewers to search for a property by name or location. Two pages on each chateau or hotel include several color pictures, a map, a description of amenities, and minimum room rates. All of the properties have on-site dining, and some feature noted chefs. There are telephone and fax numbers and e-mail addresses to contact the proprietors or a form can be sent to a central booking service to handle a room request.

The student would find a wealth of information for a budget-minded traveler at Eurotrip (www.eurotrip.com). Similar to *Let's Go* travel guides but aimed only at European travel, Eurotrip assumes that its clientele are looking for youth hostels, not full-service hotels.

Travelers send site creator Andrew Ogilvie of Scotland their reviews on the character, safety, cleanliness, and overall impressions of dozens of hostels. Eurotrip also features advice on packing, finding cheap flights, and travel books worth buying. For any questions not answered in the frequently

asked questions about hostels, visitors can plug into a discussion group and bend the ears of fellow travelers. This site is an excellent point of departure for backpackers or anyone young and adventuresome.

Older travelers can recapture a bit of their student days with Elderhostels, a Boston-based nonprofit organization specializing in educational opportunities for those older than fifty-five. Elderhostels offers two to three-week excursion packages to some seventy countries to study art, archaeology, language, history, or several other areas of interest. The organization's Web site (www.elderhostel.org) includes catalogs of trips through the end of 1999. This year participants can immerse themselves in French in the Belgian town of Spa, explore Mediterranean history in Malta, or take a bicycle tour of the Dutch Lowlands. The site features detailed itineraries and prices, many of which are around \$2,500 per person including meals and airfare.

Site of the Month: ROYAL HORTICULTURAL SOCIETY

If gardening were one country's national pastime, the distinction would belong to the United Kingdom. Nowhere is the enthusiasm so great for a new variety of rose, lily, or orchid. The mentor to the tilling and spading masses is the Royal Horticultural Society. The 195-year-

old gardening charity presents lectures and shows, and markets books and plants. The society has cultivated a Web site (www.rhs.org.uk), which is informative, easy to navigate, and aesthetically pleasing. The RHS maintains twenty-seven gardens in the UK as well as sponsoring dozens of flower shows year-round. In the site's "Around Britain" section, horticulture enthusiasts can find out the calendar of events planned at the society's headquarters at Wisley in Surrey or other gardens. It gives times and places for flower shows, particularly the world-renowned Chelsea Flower Show, held each May. Another section highlights a plant of the month, giving a history, growing advice, and



photos of the plant. The RHS also has added on-line shopping. Although plants are available only in the UK, books and gift items are sent worldwide. The on-line catalog only functions properly when viewers use Internet Explorer, so shoppers must download the browser if they are using Netscape or something else.

—Christina Barron

EURO NOTES

PREDICTING THE EURO'S INTERNATIONAL ROLE

John Connally, the hard-bitten Texan who served as treasury secretary in the Nixon administration, used to tell Europeans that the dollar was "our currency, but your problem."

Twenty-five years later, the boot is on the other foot. The launch of the euro poses the first serious threat to the dollar, which has dominated the world's financial system since it replaced the pound during World War I.

Until about eighteen months ago, few members of the US financial and political establishment gave much thought to the implications of economic and monetary union (EMU) or its impact on the global economy. But now that EMU is a reality, the mood has shifted. Many are wondering whether the euro will be to the dollar what Airbus is to Boeing.

Some Europeans, notably the French, have encouraged the idea of the euro as a competitive threat to dollar hegemony. Lionel Jospin, France's prime minister, has likened EMU to an instrument of liberation, a means to achieve a zone of currency stability that will protect Europe against the excessive fluctuations of the greenback.

From a different standpoint, the Japanese authorities have also accepted the proposition that the euro changes the balance of power in the world's financial system. Shortly after the launch of the euro on January 1 this year, Keizo Obuchi, Japanese prime minister, went on a European tour to promote the idea of a strategic monetary triangle built around the dollar, euro, and yen.

There is a fear in Japan that the yen could be relegated to second-tier status in a bipolar system controlled by the US and Europe. The Japanese want a place at the table. And just in case anyone missed the message that everyone has an interest in currency stability, the Tokyo authorities first talked up the

yen ahead of the Obuchi trip and later intervened heavily to halt a disconcerting rise against the dollar.

All this talk of grand monetary strategy begs a number of questions. Has the euro a genuine chance of becoming a global currency; what will determine whether it does; and what impact is its emergence likely to have on the world economy?

The obvious point is that the dollar's preeminence as a reserve currency is unquestionable. Because of its extensive use by third parties, the dollar's

ton-based International Institute for Economics, argues that the advent of the euro presents the first credible alternative to the dollar.

First, the European Central Bank, which has a treaty mandate to fight inflation, will deliver the stability that markets crave.

Second, the eleven members of the present euro zone have a combined GDP of \$6.3 trillion, compared to the US's \$8.1 trillion. But if the euro is extended to all fifteen EU countries, the euro zone will become the world's



In January, Japanese Prime Minister Keizo Obuchi visited European leaders, including Gerhard Schröder, to promote the idea of a strategic monetary triangle built around the dollar, the euro, and the yen.

importance far exceeds the United States' share of world output. It accounts for 56 percent of the world's foreign exchange reserves, is used in some 48 percent of export invoicing, and participates in around four-fifths of foreign exchange transactions.

Fred Bergsten, head of the Washing-

largest economy.

Third, the euro will also be used in transactions by third countries, particularly those that used the deutschmark as a preferred currency; and fourth, the US has built a substantial (\$1 trillion) external debt as a result of running substantial current account deficits for the

past fifteen years, and sooner or later this imbalance will count in the minds of investors who will turn to non-dollar denominated assets.

However, the fact that the euro and the ECB remain untested contributes to the contrary view in favor of the dollar's preeminence. The greenback's reserve currency status stems a great deal from the fact that the US has wider, deeper capital markets with far greater liquidity than the undeveloped, fragmented European capital markets.

Moreover, the European domestic security market is only two-thirds the size of its US equivalent. Without a central government bond issuer, the euro market will continue to be fragmented. This is one reason why, whatever other doubts they may have, most EU countries are very keen for the UK, with its highly liquid capital markets, to join as soon as possible.


Certainly, the US ability to finance its current account deficits in assets denominated in dollars is a little like being indebted to foreign countries free of charge. But many economists worry about the impact of a sudden switch into euro-denominated assets.

Imagine, for a moment, that the dollar share of total foreign exchange reserves fell from the current two-thirds to around 40 percent. This would mean a substantial appreciation in the euro—not something that export-sensitive countries such as France and Germany would necessarily feel comfortable with. The underlying reality is that the EU will have to shift from a big surplus to a substantial deficit to accommodate a future shift in favor of euro-denominated assets. This change would create some difficulties for ECB monetary policy; and it could force the US to choose between a sharp drop in the dollar or higher US interest rates.

All these future scenarios will require careful management. They argue in favor of deeper monetary cooperation between the US and Europe—not least because of the important role that the US has played in containing the Asian financial crisis. The decisive interest rate cuts delivered by the Fed helped to keep the US economy going and trade flowing.

In many ways, the US has acted as "importer of last resort." It is by no means clear whether Europe is ready to play the same role in the next crisis.

—Lionel Barber

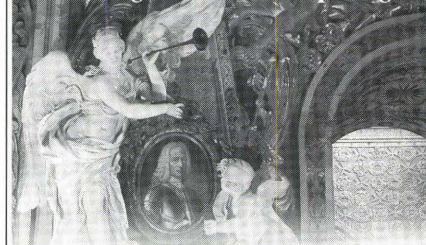


TRAVEL

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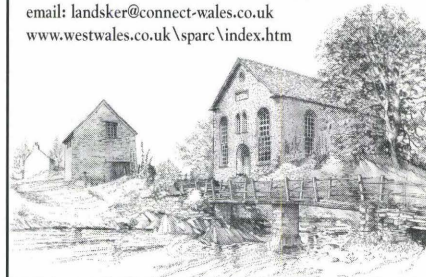
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Luxembourg Prime Minister Jean-Claude Juncker (at left, shown with French Finance Minister Dominique Strauss-Kahn) attended the January presentation of the euro in Brussels.



Banking on the Euro

THIS IS ELECTION YEAR IN LUXEMBOURG, but you would have to look long and hard to find a reason for anticipating any change in the country's political leadership. The economy is humming along very nicely; there are no major social problems, at least not in the short term; and there is not even a whiff of scandal in high places. The coalition government of Prime Minister Jean-Claude Juncker's Christian Social Party and the Socialist Workers Party strikes a neat balance between Right and Left that seems to please most people, though without commanding feverish enthusiasm. There are no public opinion polls so predictions have to be hedged, but few pundits expect Mr. Juncker to be ousted in the June polls.

BY ALAN OSBORN

He could, however, have a new coalition partner. Somewhat unexpectedly the Democratic Party has been backing Luxembourg's civil servants in their bitter dispute with the government over pensions, casting a new light on a party that has, until now, been thought of as rigidly conservative on economic policy. There may be votes in this issue—pension reform is the biggest domestic issue in Luxembourg—and possibly enough to bring the Democrats back into power. For Mr. Juncker, this could be a mixed blessing. His politics are founded on deeply-held Christian moral principles that might sit uneasily with the Democrats' liberal approach to issues like abortion and contraception.

This contrast could resonate within the Grand Duchy. However, in terms of Luxembourg's role within the European Union and its approach to the economic and technological challenges of the modern world, it would be irrelevant. Where the construction of the European Union is concerned, Luxembourg is an exemplary player, and no serious politician here would have it otherwise. Where other countries agonize over monetary union, Luxem-

bourg regards it with unquestioned faith.

This confidence arises largely, of course, from the unique international character of the country. A third of all Luxembourg workers are cross-border commuters, coming in every day from France, Germany, and Belgium. A colossal 90 percent of Luxembourg's industrial output is exported, and much the same share of domestic consumption is accounted for by imported goods. Just about everybody in the country speaks French, German, English, and their own impenetrable Luxembourgish tongue. The Luxembourgers are Europe's keenest foreign travelers with the highest rate of passport ownership and the highest percentage of people taking foreign holidays in the European Union. To know Luxembourg is to glimpse the future condition of all Europe should the federalist dream come true.

Of course, it may be argued that none of this really matters because Luxembourg is too small to count as an example. How can a country with a population of 400,000 and a land mass smaller than Rhode Island give lessons to the giants around it? Well, it can and it does. The Luxembourg company Arbed is the largest steel producer in Europe and the third-largest in the world; the giant Compagnie Luxembourgeoise Telediffusion (CLT) is Europe's biggest commercial television operator; and the city of Luxembourg ranks sixth in the league of world financial centers.

Luxembourg would appear to have far more than its fair share of shrewd business minds, who in turn benefit from successive governments with a keen understanding of their goals and requirements. The net effect is that, while other countries wrestle with problems caused by the Asian and Russian crises, Luxembourg sails serenely on, enjoying one of the highest incomes per capita in the world. "Despite the storm clouds over the world economy, Luxembourg still looks well sheltered with all its main economic sectors looking extremely buoyant, and while being cautious, the country's economic and political leaders are as confident as

anybody in the world for the coming year," says Simon Gray, editor of *Luxembourg Business*.

More specifically the unemployment rate has stabilized at around 2.2 percent—barely a quarter of the EU average. Inflation, at around one percent at the moment, is about the lowest in the EU while this year's 3.8 percent projected growth is the highest. Luxembourg is one of the very few countries in Europe to run a budget surplus. Its government debt is just a tenth of the maximum required by the euro convergence criteria. And even here the situation is much better than it looks because, as Mr. Gray explains, an issue of ten-year government bonds was made last year not

wholesale tax harmonization is years off. As for banking secrecy, the debate has begun on precisely where to draw the line between criminal money laundering and lawful tax avoidance. Of course any banker with his eyes and ears open will have seen these moves coming for years now, and the evidence is clear that the banks are moving quickly out of the threatened activities. The giant Banque Internationale de Luxembourg recently reported that its income from commissions was greater than its interest income for the first time ever.

More generally for Luxembourg—as for many other European countries—the biggest long-term

Despite the storm clouds over the world economy, Luxembourg still looks well sheltered with all its main economic sectors looking extremely buoyant...

because any money was actually needed but simply because the authorities wanted to establish an official measure of long-term interest rates.

Surely there must be some clouds gathering? In banking circles the talk for some time now has been of the European Commission's proposals to impose a minimum withholding tax on interest paid to depositors and to crack down on banking secrecy. Both would strike hard at the Luxembourg banks, which have attracted massive savings from middle-class depositors in neighboring countries in recent years. However, how can a government that proclaims its European ideals as strongly and consistently as that of Luxembourg be seen to oppose such a logical harmonization move?

In fact, the official response has been to profess support for the withholding tax but only as part of a total tax harmonization program for the whole of the European Union. At the very least, this will buy time since

headache is pensions: specifically, how to fund a rapidly growing pensions bill from a public sector under increasing strain. The Luxembourg government had a taste of the trouble it can expect on this front last year when it moved to reduce pensions for public sector workers from five-sixths of final salary to 72 percent and sparked off something almost unheard of in Luxembourg—a strike.

There seems little doubt that Luxembourg will have to abandon its remarkably generous state-funded pension scheme in favor of a leaner system that involves the private sector some time in the next few years.

The government that proposes this may attract lasting hostility from those coming up to retirement. But there is an offset. The big beneficiaries from such a switch will be the banking and financial services industry. And who's better equipped in that area than Luxembourg? ☺

Alan Osborn is EUROPE's Luxembourg correspondent.



Prime Minister of Luxembourg JEAN-CLAUDE JUNCKER

Though only forty-four, Luxembourg Prime Minister Jean-Claude Juncker is already a veteran of top-level European Union politics having been at the forefront of the drive toward economic and monetary union throughout the 1990s. He has led his country's government since January 1995.

Alan Osborn, EUROPE's Luxembourg correspondent, interviewed the prime minister in his office in the city of Luxembourg. Juncker discusses the euro, enlargement, and other EU challenges, as well as his own tiny country's unique position at the heart of Europe.

EUROPE interview

The single currency began on January 1 this year. How has it gone, what are the prospects and will the United Kingdom eventually join?

The introduction of the single currency has been successful because we were sufficiently cautious to decide on the parities between the participating currencies not at the end of last year but on the second of May 1998. The decision to fix parities on that date was made in the previous September under the Luxembourg EU presidency, and it meant that we did not have to witness a wave of speculation a few months before the introduction.

As far as the Luxembourgers are concerned our participation in the single currency means that one of the smallest countries in Europe and the world is becoming one of the eleven co-owners of one of the

major currencies existing worldwide. We do not think that the euro will harm the development of the banking sector in Luxembourg. This country—by history and tradition—is used to a growing, open economy, including the financial sector. We are used to a competitive environment, and so we feel ourselves at ease in this new world.

The euro will develop into a factor of worldwide economic growth. I believe that its introduction is a major contribution toward a better stabilized monetary order worldwide. Monetary developments have to a great extent become more predictable. It means the end of European disorder in the monetary field.

My impression is that the UK does not want to be isolated from this. The Blair government is very eager to play a major role, and they know perfectly well that there is no room for playing a major or a leading role in the European Union if you are not at the same time a member of the single currency. Moreover, considering strictly the British national interest, they have no other choice because the European Union will develop around the single currency, so I would say that the UK will join the single currency before January 1, 2002.

How important are the negotiations to admit Poland, Hungary, Estonia, the Czech Republic, Slovenia, and Cyprus into the European Union? Will there be financial strains, and if so, how can these be dealt with?

The enlargement process launched under the Luxembourg presidency in December 1997 is a vital historic ambition, and even a necessity, because if we want to be in a situation where armed conflicts between European nations will no longer be an option in the twenty-first century, we have to make sure that Western stability and peace are brought to the Eastern and Central parts. They want to join the European Union, and I don't think we have the right to prevent this—it is not a choice to close the door on them, so I believe there is no alternative to enlargement. But this enlargement has to be carried

out in careful steps. I don't think that in five years from now we'll be twenty or twenty-five members. The major new democracies in Eastern and Central Europe have to go through a very severe transformation and adjustment process, and they shouldn't underestimate this.

The existing members will also have to adjust themselves—to see that this enlargement is of a totally different nature from the enlargements we've had before because we are admitting members who are in a much different situation. They are far less economically advanced. I do think they have achieved a much greater stabilization of their democratic systems than was foreseeable two or three years ago, but nevertheless, the economic differences are huge between the applicant countries and the existing member states, and it makes no sense to submit these countries to a crash program for admitting them as full members before they are ready.

We are due to finish the debate on the budget and future financing—the so-called Agenda 2000—before the end of March this year.

I do think that the time has now come for us to move away from the repetition of well-known national positions and concentrate on the instruments that could enable us to find the common ground in order to organize our financial future. It's difficult to say how this will be done, but I'm quite confident that the German presidency and the other member states will be able to reach conclusions before the end of March. This has to be done because it's overshadowing the whole enlargement. The failure of Agenda 2000 would lead straight away to a further postponement in the enlargement process.

Why is Luxembourg so successful economically?

We've been helped in controlling inflation by the cooperation process preceding the single currency. A precondition of economic and monetary union is price stability. Our neighbors and main economic partners—Germany, France, and

Belgium—have had to adopt economic, social, budgetary, and trade policies aimed at price stability, and so we have imported less inflation than we did in the years and decades before. Had we alone applied a price-oriented economic policy, it would not have meant that we would automatically have had low inflation rates. But as all the others were moving in the same direction, the final result is that our inflation rate is under control.

Second, we have a tradition in this country of seeking the greatest possible social consensus. We were able to deal with the steel crisis in a better way than our neighbors were because we worked together, around the same table—the steel unions, the steel employers, and the government. Of course employment in the steel industry went down dramatically, but we had no unemployment as a result because we were able in our model of social cohesion to deal with the social consequences in a different way from our partners. The end-result is that the Luxembourg steel company, Arbed, is now the number-one steel producer in Europe and the number-three worldwide.

Fifteen years ago this was simply not foreseeable.

We are a very small country, and this explains why in the field of public finances we have to be more serious than all the others. Our national accounts are always close to balance, and normally we have a budgetary surplus. If you are a small country, you have to behave. And since 1921, we were never allowed to have our own monetary policy. We followed the Belgian monetary policy, and so we had to be serious in the field of public finances. But this, by the way, is an excellent preconditioning for economic and monetary union. We are not giving up our economic and monetary sovereignty—we did that in 1921. The others have had to give it up. We are used to swallowing a monetary policy decided elsewhere—the others are less prepared for such a fundamental change in their behavior.

For them it's a fundamental change, for us it's not.

The Commission is proposing a 20 percent withholding tax on savings for the whole of the European Union. How will this affect Luxembourg, which has been so successful in attracting savings from neighboring countries because it applies no withholding tax at present?

Under our EU presidency in 1997, an agreement was reached on a tax package that included a code of good conduct in the field of business taxation and some major principles in the taxation of savings. We have established a link between the coordination of business taxation and the so-called withholding tax. We have to explain to our colleagues and our partners that this link is not a joke but a very serious matter to us. So, we are very much insisting on a broad approach in so far as the fight against unfair tax competition is concerned. Tax competition is in the

field of business taxation and to some extent in the field of savings too, and they have to be concluded on the very same date.

We are prepared to agree to a Europe-wide tax harmonization in the field of savings taxation on the condition that this coordination or harmonization will not lead to a situation where the financial centers inside the European Union will be harmed. So, we are in favor of a, more or less, lower level of taxation—not the 20 percent put forward by the Commission. We are insisting also on the link between savings and business taxation. In other words, a withholding tax on savings is acceptable to us as part of overall tax harmonization.

What are your views on the desirability of a common European foreign and security policy?

In the coming years we will have to

focus on this issue because it makes no sense for the European Union to be a single market, to have a single currency, to represent 20 percent of the world's GDP, 20 percent of the world's trade, and 35 percent of the world's payment instruments—it makes no sense to be an economics giant in that way and to stay as we are, a political dwarf.

So we do think that the European Union does need a common foreign and security policy, which should be organized in a better way than the one we have at the time being. And from a common foreign and security policy, it's only one meter to a common defense policy.

We have to strengthen the European defense dimension, to improve the European pillar inside NATO, but we do not think that broadening or improving the European identity in the defense sector does in any way change the nature and the intensity of the transatlantic alliance. We're not thinking of a new policy which would compete with the transatlantic alliance, but we want a more European identity for our countries.

What qualities will you be looking for in the new president of the European Commission?

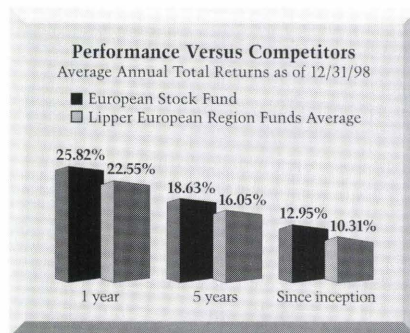
The new president will have a somewhat different standing than before. He will have to be chosen for his personal qualities. It is not really important if he is a socialist or a non-socialist, whether he comes from a small country or a larger country or that he comes from the north or the south. We really need someone of a European dimension, someone who has proved in the past that he is able to win others over to compromises which have to be found in answer to the problems that the Europeans will have to face in the next century. We need someone who has an understanding for the problems of the southern countries and someone who is able to understand the new applicant countries, and that's the reason I'm saying we need someone who has to be a complete European. He has to bear in himself all the dimensions. ☺

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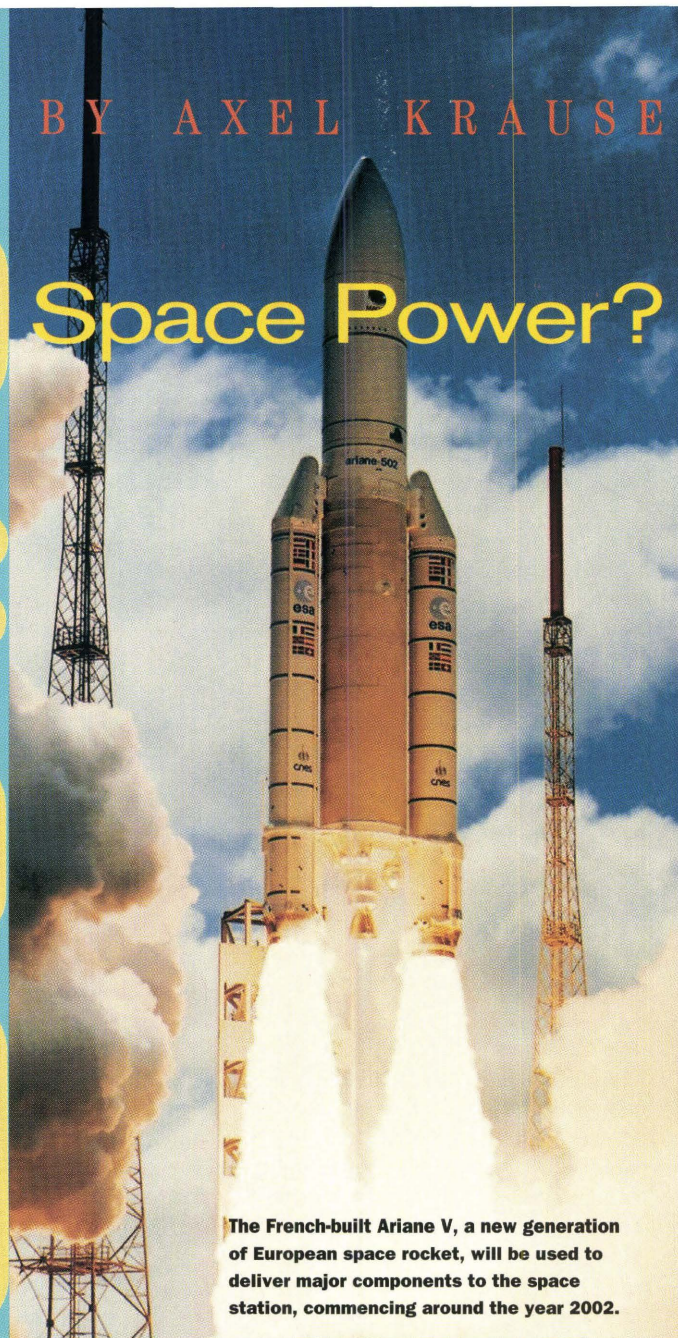
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A 21st Century Space Power?



The French-built Ariane V, a new generation of European space rocket, will be used to deliver major components to the space station, commencing around the year 2002.

EUROPEAN SPACE AGENCY

When venerable American astronaut John Glenn and his colleagues drew enthusiastic crowds during a tour of European Union cities in January, few admirers grasped the main goal of their recently-completed manned space mission. They had been preparing for elaborate research programs on an international space station where Europe will be playing what Glenn described as a "vital" role well into the twenty-first century.

The Paris-based European Space Agency, as part of its ambitious, long-term program, will be not only sending its own astronauts to conduct scientific research on the station, but supplying major components and the use of its newest, powerful Ariane 5 launcher for missions that are scheduled to begin around the year 2002. "For us, the future station is a major step, reflecting our goal of keeping Europe active in all major aspects of space activities," says Antonio Rodotà, ESA's Italian director general of the fourteen-nation agency since 1997. "Europe can be proud of what we have achieved."

Meeting with journalists in Paris, flanked by Glenn and several NASA astronauts, ESA astronaut Pedro Duque explained that their visit to Spain, Italy, Germany, and France was to explain the advantages of manned space research to the general public and European heads of government. With the exception of Greece, Luxembourg, and Portugal, all EU member

states belong to ESA, plus non-EU members Norway and Switzerland. Currently negotiating membership terms are Portugal and Hungary, both with fledgling aerospace industries, which is a prerequisite for joining.

However, some research ministries in ESA member states question the utility of manned space missions, notably in France, which, paradoxically, actively participates in the program and remains the largest contributor to ESA's budget. France has several participants among the fourteen-member "European astronaut corps" which also includes Duque, and colleagues from Germany, Italy, Sweden, and Switzerland. Their ranks will expand to sixteen by the middle of next year, amid rising demand; each year ESA receives several hundred requests for detailed information from young Europeans who say they want to become astronauts.

Duque, an aeronautical engineer, who looks younger than his thirty-six years and was the first Spaniard to have flown in space, explains "Our main purpose on this trip is to explain what we are doing" in preparing for the work on the international space station, so "people in Europe, and governments, will better understand what the funds are being used for."

What was his role during the recent *Discovery* mission? Duque was assigned to deploy communications antennas and open the payload bay doors to radiate surplus heat from the shuttle into space. The quiet-spoken Spaniard also was the mission's troubleshooter for a record number of nineteen laptop computers used to run the shuttle's systems and experiments, and he was one of two crew members trained to work outside the orbiter in the event of an emergency. "He may have been a rookie, but he did not act like one, performing as if he had been there (in space) many times before," commented NASA astronaut and mission commander Curtis Brown.

Currently, Western Europe is the world's second-largest space power, spending more than \$5 billion on its civilian and military space programs every year. The majority of the programs fall under the auspices of ESA, some of which are coordinated with the European Commission in Brussels

with regard to the environment, satellite, earth observation, and telecommunications. This figure compares to some \$25 billion spent by the United States, followed by Japan with \$2.1 billion and Russia with \$1.9 billion.

"Compared to the United States, and leaving aside military programs, we in Europe are always behind in terms of ratios," says Franco Bonacina, head of ESA's media relations, noting, for example, that while NASA deploys some 250 people to handle public and media relations, "we have about twenty, including me, and do the best we can to attract the widest range of interest and media coverage."

Indeed, both American and European space experts concede that explaining scientific research programs to be run by five partners on a space station not yet operating is not easy, given its complexity and international dimension. "It remains difficult to explain the benefits of research...this is not like ordering 500 tanks from GM," says Glenn. "People are important."

The international space station is scheduled to be in operation by around 2004. Several components launched last December are currently orbiting the earth, awaiting construction and assembly of other components. Although NASA leads the project, Russia, Japan, and Canada are also participating and supplying equipment and technology. "No one country could have managed this on its own, hence the cooperation," says another ESA official, noting the agency is building two major components that will be lifted onto the station starting in late 2002.

The first component is called the automated transfer vehicle (ATV), which will be used for resupply missions to the station once operating and will be launched by the new, French-built Ariane 5 rocket. The ATV will be used to haul up to nine tons of cargo to the station on each trip every fifteen months, carrying scientific equipment, water, gas, and fuel. Like Ariane, the ATV is being built for ESA by France's government-controlled Aérospatiale group.

The second major ESA unit on the station will be the *Columbus* laboratory that will enable several ESA astronauts to conduct research in such

areas as medicine, new materials, and manufacturing processes for periods of up to four months. To be launched aboard a NASA space shuttle, but built under the direction of Germany's Daimler-Chrysler Aerospace group, the European space lab was being tested by Glenn, Duque, and other astronauts on their mission last fall aboard the space shuttle.

The space station project and others being planned by ESA illustrate that it is impossible for Europe to be totally autonomous in space projects as was believed possible by some when ESA was established in 1975. At that time, France along with ten other countries were convinced that Western Europe could compete with NASA on its own. They did so with Ariane, which through its French-dominated marketing company, Arianespace, has successfully launched 200 satellites in the past twenty years from its complex at Kourou in French Guiana, competing fiercely against US launch companies. "Ariane is a good example of how ESA remains autonomous in a vital area, and their next step, we think, will be an independently-operated global navigational system," said a senior NASA official in Europe, adding, "and if it happens, we hope it will be compatible with ours."

"Everyone is concerned and interested in what is happening in space," says Rodotà "so even though we are Europeanizing our programs as much as we can, cooperation is, nevertheless, vital," notably among European nations, with the United States and Russia.

When research ministers from ESA member countries meet in Brussels in May, Rodotà will be proposing an increase in next year's budget, which would finance a wide range of ongoing and future manned and non-manned projects, including exploratory, scientific missions to Mars and Saturn. This year's budget, roughly unchanged from 1998, totals some \$3 billion with manned space projects accounting for about 16 percent of the total. Launchers, primarily Ariane, represent 18.4 percent of the current budget, while earth observation and scientific research programs taken together represent roughly 37 percent. ☐

Axel Krause is a EUROPE contributing editor based in Paris.

EUROPE interview Spanish Astronaut Pedro Duque

The admirers of Spain's astronaut Pedro Duque say he is nearly as popular at home as the nation's king and prime minister. As a crew member of the space shuttle *Discovery*, Duque spent nine days in orbit in November. As the first Spaniard to have flown in space, he recently toured European cities with fellow astronauts, including American space hero John Glenn, and drew enthusiastic crowds. Duque, thirty-six years old, is an aeronautical engineer who works under the auspices of the European Space Agency (ESA). His training included long stints with NASA. He recently spoke with *EUROPE* contributing editor Axel Krause at ESA's Paris headquarters.

What is your next role as an astronaut?

I will be working on the ground for an undefined period of time. This is what astronauts also do...giving advice and providing supervision on the future of space development from the standpoint of the user and the laboratory operator. I will be doing this in Houston [at the NASA Johnson Space Center] unless I am moved to some other place. I am, after all, an international public servant.

But didn't you come to ESA from the Spanish space agency?

No. There is no Spanish agency. But some, like the French, have a tradition of having their own nationals [attached to ESA]. But this will be finished due to a treaty in the year 2000, so all of us will be the same, with the same status.

Will you fly in space again?

After this undefined period of time, probably...this could be some years. Then I will train for another space flight because we are there as professional astronauts. We have no other jobs.

What is the current status of the International Space Station?

Two big components are already up there. Flying in space, they are being controlled from the ground. One built in Russia, one built in the United States. Then, there will be two more missions to dock with this complex. The next



Spaniard Pedro Duque (right), flanked by fellow astronauts Chiaki Mukia from Japan (left) and Californian Steve Lindsey (center), talks with the media before their nine-day space mission aboard *Discovery* last fall.

larger component will be launched [within the next year] from Russia.

How would you compare American and European astronauts?

We, as Europeans, have never had a sense of confrontation [with the United States] in space. This [sense] is taking some time to fade out in both Americans and Russians. Everybody who has been put into the space program in America or Russia has been raised in the [spirit of] the space race...it goes beyond just space science. They, the Americans and Russians, have to overcome this. And they are doing it. We Europeans, from the very beginning, came from a background of international cooperation. We are better, more directly, adjusted to international cooperation.

What advice do you give young Europeans who think they might want to become an astronaut?

To study hard, to have a career that they have the strongest interest in...science,

of course. Science is critical if they want to be associated in any way with the space adventure. I tell them to try to be the best in their own field, in the university, or the company where they may be working. This might help them qualify for work in space later, but [I advise them] not to try to be a European astronaut from the outset.

Aren't most astronauts pilots?

Not in Europe. At ESA we have no pilots because so far we have not had any piloted spacecraft. So, most likely, we will not have any need for pilots. The main thing for an ESA astronaut is to be good at understanding science and technology.

What is the outlook for Europe in space?

In the next few years, all the [European] governments will, I think, realize they can and should spend more on space as part of their science and technology development. There is a lot of support for this in the United States. And there is a lot of support here, too. ☺

International

Last December 10, NASA astronaut Robert Cabana and Russian cosmonaut Sergei Krikalev swung open the hatch between the space shuttle *Endeavor* and the first element of the international space station, the Russian-built *Zarya* command module.

The historic moment was another example of international collaboration between the space agencies of Russia and the United States. But to reach that significant milestone, the two superpowers of space have drawn heavily on the resources and expertise of the sixteen nations involved in the largest scientific cooperative program in history.

While the Americans and the Russians have been in the spotlight with their rocket launches and spacewalks, the Europeans have been quietly supplying both countries with computer hardware, technical expertise, and scientific equipment.

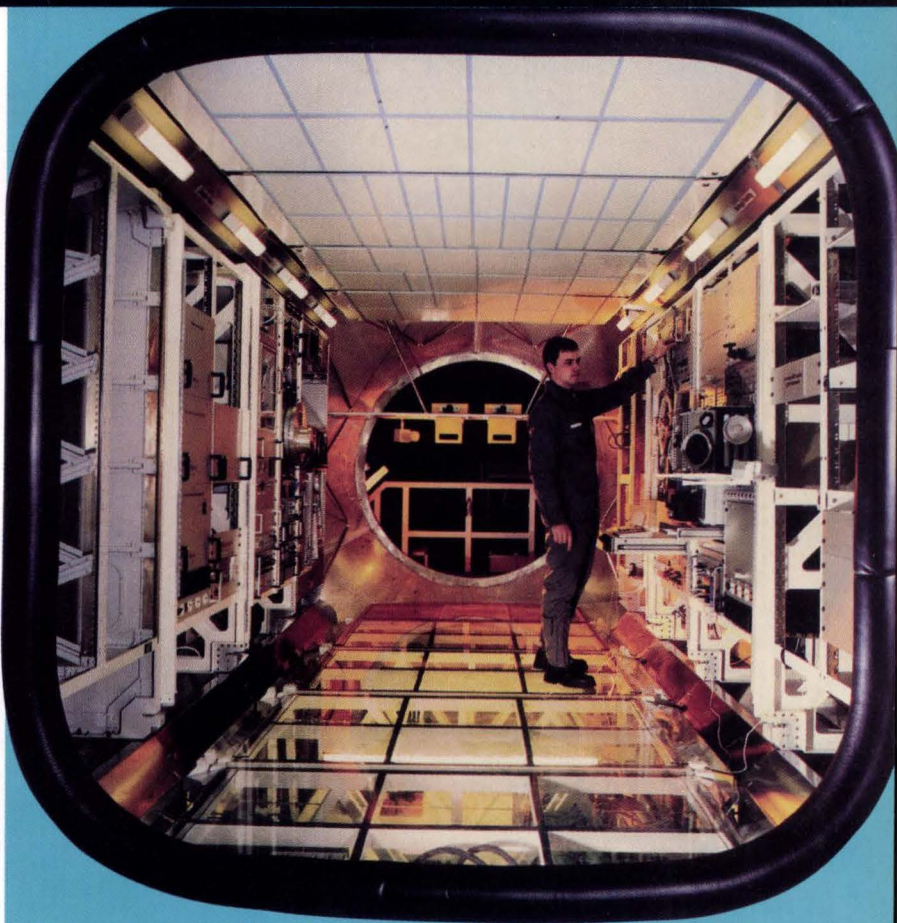
The role of the eleven European nations may not be as glamorous as the role of the Americans and the Russians, but it is no less significant. The success of the space station depends on a level of technical cooperation and scientific collaboration among the sixteen nations that has never before been attempted.

"We feel the internal cooperation is absolutely essential," said Michael O'Brian, deputy associate administrator for NASA. "Each of the partners is contributing something significant."

The Europeans are playing a leading role in promoting the international cooperation so vital to the success of the international space station. They see this project as a model for future global cooperative structures, reflecting European efforts over the past fifty years to unify the continent after engaging in two devastating world wars.

"In fifty years, we have turned our former enemies into friends," said Diter Isakeit, director of manned space flight for the European Space Agency (ESA). "We freely cooperate on many projects in Europe. We are on the leading edge of global cooperation. Now, we introduce that to the rest of the world."

Under the leadership of ESA, Belgium, Denmark, France, Germany, Italy, the Netherlands, Norway, Spain, Sweden, Switzerland, and the United Kingdom are involved in all the key phases of the space station—from assembly and maintenance to scientific research in their own orbital laboratory.



Europe, US, Russia, and Japan Building for the Future

ESA has built a full-size mock-up of the Columbus laboratory (above), which will be an important part of the space station.

The eleven European nations join the United States, Canada, Japan, Russia, and Brazil in one of the biggest non-military joint efforts in history. The risky project is also as much about promoting peaceful cooperation in space exploration as it is about scientific and technological achievements.

The US space shuttle and two types of Russian rockets will conduct forty-five missions to launch and assemble the more than 100 elements that will comprise the completed international space station. In all, 460 tons of structures, modules, equipment and supplies will be placed in orbit by the year 2004.

The complex project involves more than 100,000 people at space agencies and hundreds of contractor and subcontractor companies around the world. Once completed, up to seven men and women will live and work on the permanent orbiting science and technology research base. They will conduct a diverse set of assignments, from life science and microgravity

Space Station

research to earth and space science experiments.

Europe's contribution includes the following:

- The *Columbus* laboratory is the entry ticket for Europe into the international space station as a full partner. It is a pressurized, habitable laboratory that will be carried to the space station by the space shuttle in 2003. *Columbus* will be the main work place for the scientific and technological activities of the European astronauts. Daimler-Chrysler Aerospace of Germany is the prime contractor, winning the largest single development contract ever placed by ESA.

- Aérospatiale of France is developing the automated transfer vehicle, a cargo-carrying upper stage for its Ariane 5 rocket that can conduct automatic rendezvous and docking maneuvers with the space station. In addition to delivering up to nine tons of cargo to the station, the ATV can reboost the station into higher orbit and dispose of waste materials from the station. Waste materials are burned during the rocket's re-entry into the earth's atmosphere.

The 460-ton space station will require forty-five missions to launch and assemble its more than 100 elements (below).

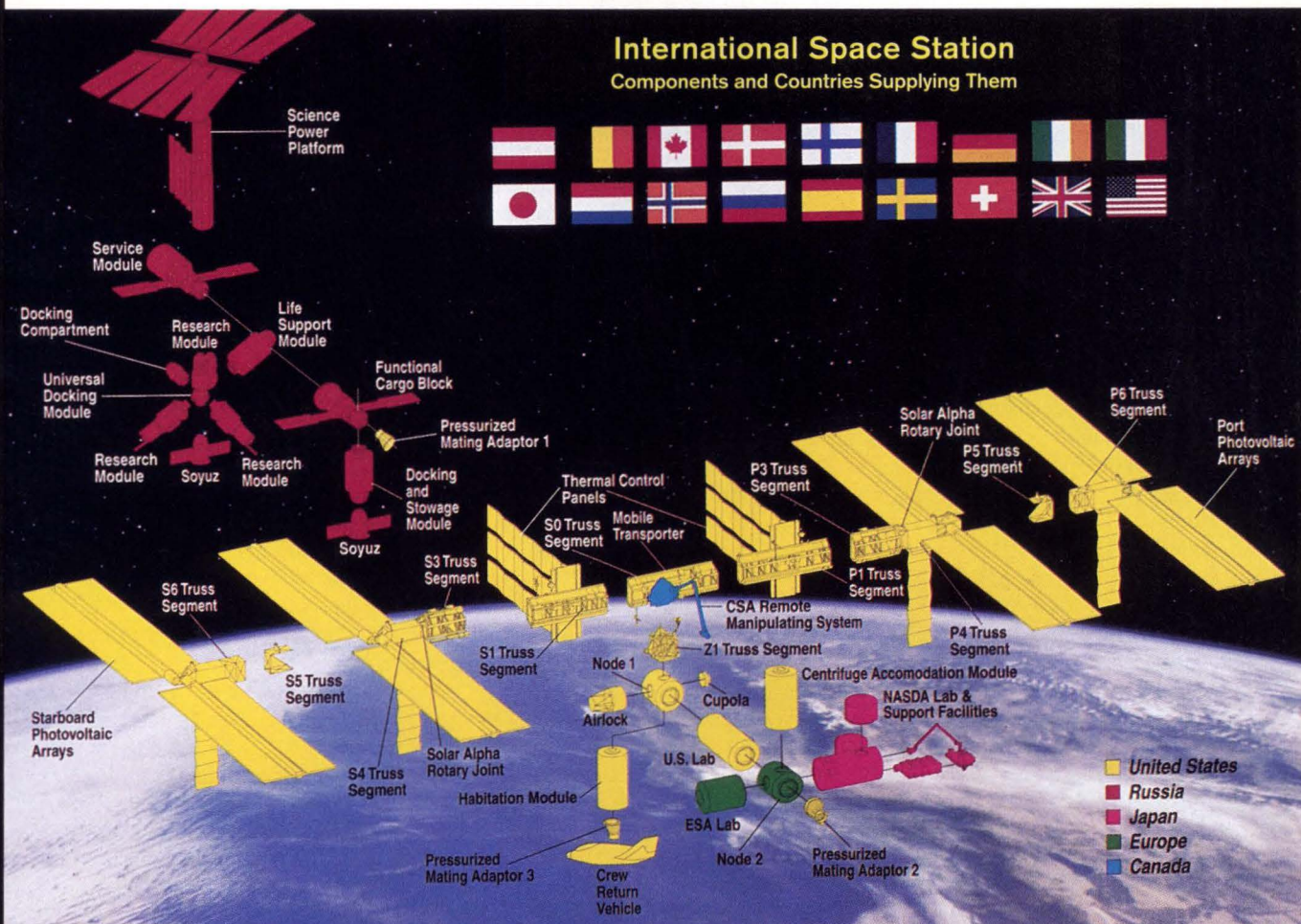
- ESA is cooperating with NASA on a prototype crew return vehicle, known as the X-38, which eventually will replace the Russian Soyuz spacecraft as an emergency crew return vehicle and accommodate up to six crew members.

- ESA is also developing early delivery elements for NASA and the Russian Space Agency. That includes laboratory support equipment for NASA valued at \$69 million; an on-board computer system for the Russian service module worth about \$59 million; and a European robotic arm, valued at \$175 million, that will be used to assemble the Russian science and power platform.

- The Italian company Alenia Aerospazio is building two fully integrated nodes for the station. Europe also will supply cryogenic freezer racks, crew refrigerator freezer racks, engineering services for the early-delivery items, and computer hardware support for NASA's software development integration laboratory.

International cooperation, so far, has been one of the foundations of the space station's early success.

When the Russians were having financial troubles, the United States paid the difference to ensure the



successful launch of the *Zarya* module.

"Each partner in such a complex project will have some difficulty," said O'Brian, of NASA. "What we've learned is that we can work together through these difficulties. It isn't easy, and it's usually financial, but through creative negotiations and goodwill, we have been able to find some solutions."

One creative solution involves the time-honored system of bartering among partners for high-tech equipment and laboratory or space shuttle time.

"Everything is bartered," Isakeit said. "We come back to old times. No government wants to finance high technology in another country. So, to cooperate, we exchange scientific equipment and other expertise."

All partners are responsible for their share of the costs to operate and use the space station. But partners can pay in cash or through "in-kind contributions." The Europeans have chosen barter arrangements to ease the costs as well as to send their astronauts on early space station missions.

Almost nothing on earth—or off it—scandalizes the French as much as bad food. When Richard Filippi, a veteran chef and professional cooking teacher in southwestern France, heard a radio interview with astronaut Jean-Pierre Haigneré just after a mission aboard the Russian space station Mir, he was shocked to hear him say that he'd had a marvelous flight except that he would have liked to eat better. "I found that a bit upsetting," says Filippi. "Here's someone who's in a high-risk profession and who represents France in the space program, and he isn't even given decent food! With French cuisine often considered to be the finest in the world, I found this a bit—well, hard to swallow."

Filippi decided something should be done. He called the French National Center for Space Studies (CNES) in Toulouse and offered his services as space caterer for French astronauts. Nothing in his long career had prepared him for such work. Filippi has been a chef for more than forty years in restaurants throughout southern France and in Paris. Since 1977, he started dividing his time between teaching at a catering school in Souillac, near Bordeaux, and summers spent cooking at the casino of Monte Carlo with one of France's top chefs, Alain Ducasse.

Dubious, but willing to give him a chance, CNES sent Filippi extensive documentation on the stringent specifications for space cuisine. Undaunted, he enlisted the help of a colleague who teaches the science of food, and together they created a new, high-flying branch of French cuisine that can be described as "gastronautics."

In 1996, when Claudie André-Deshays became the first French female astronaut, food prepared by Filippi and his students went into orbit with her. "The challenge in creating food for space," explains Filippi, "is to make top-quality food, without any additives, to respect very strict hygiene requirements, also to make food that will stay in the can, once the can has been opened, and finally, to make food that tastes of home." (Space food comes in cans now, unlike the tasteless paste in tubes that John Glenn had to endure on his first flight in 1962.)

BY ESTER LAUSHWAY

Technically, the Europeans can't use the space station until the arrival of the *Columbus* laboratory in 2003.

The Europeans developed the on-board computer system for the Russian service module. Instead of payment, the Russians gave the Europeans a docking station for their automated transport vehicle, Isakeit said.

In exchange for providing the laboratory support equipment to NASA, the European Space Agency plans to send scientists and astronauts to the US laboratory before the completion of the *Columbus* laboratory.

Through bartering arrangements with NASA, the Europeans also hope to send their astronauts on some early space station assembly missions.

"The people like to see our astronauts up in space," Isakeit said. "And we would like them to get the training and the practice." ☺

Stanley Holmes is the aerospace reporter for the Seattle Times.



For French astronauts, that means delicacies like roast veal in Corsican honey, quails in Madeira sauce, and swordfish à la Provençale. Filippi has tasted American and Russian space meals and admits, "I'd be lying if I said it was bad. It's just another culture, other flavors, other textures—it's different." An example of different culinary traditions is the way cooked meat is prepared. Instead of mincing it, like American astronauts like it, or mixing it with the veggies, which is what Russian cosmonauts are used to, the French prefer to have it on its own, cut into small, but still recognizable pieces.

Far more difficult than gastronomic considerations is preparing food that will pass the draconian hygiene standards demanded for space. A tin can sold in a supermarket can contain 300,000 bacteria per gram without giving anyone food poisoning. Up in space, only eight bacteria per gram are tolerated. At the special laboratory set up at Filippi's school, he strives for a zero bacteria count. "We work in a sterile environment—a clean room," says Filippi. "Our knives, once we've used them to cut quail, for example, won't be used again. We take another knife each time we cut up something. All our pots and pans, everything we use, everything we wear, all the work surfaces are disinfected. We wear masks, rubber gloves, hats, gowns and plastic aprons. It's like surgery."

Filippi and his team of students were asked to prepare a selection of desserts for the current space mission, which sent French astronaut Jean-Pierre Haigneré, who got the whole French space cuisine project off the ground with his complaints, back up to Mir. This time, he'll be eating delicacies like duck conserve topped off with caramel rice or apricot pudding.

Filippi has put in a bid to be the caterer for the new international space station now being built. Besides cooking, he has always loved anything to do with flying and is a veteran hang-glider. Even though at his age (nearly fifty-seven) he does not think it likely that he will ever go into space himself, he is happy to be playing a part in the European Space Program by preparing food that is out of this world.

AIRBUS

Constructing Profitable Planes



An Airbus A330/340 is assembled at the company's plant in Toulouse, France.

When Boeing disclosed its second quarter earnings in July last year, it revealed what many had long suspected. The intense price war with European rival Airbus Industrie had severely depressed the profits of the world's largest aerospace company. Boeing's earnings fell 46 percent over the previous year, and its stock dropped 14 percent overnight. Management blamed production glitches in its factories for the financial hemorrhaging, which was partly true, but it was not the complete story.

Boeing's strategy to marginalize Airbus by increasing its market share through steep price discounts had backfired. In the end, Airbus beat Boeing at its own game.

Since posting an annual loss of \$178 million in 1997—its first in fifty years—Boeing's Chairman Phil Condit recently conceded that 1999 and 2000 would be nearly as bleak. Profit margins from commercial airplanes would remain at 1 or 2 percent.

The stock continues to trade at historic lows.

In thirty years, the Airbus consortium has risen from an airplane business headed for extinction to become a viable competitor that has put the Americans on the defensive. Analysts said the success reflected a "new spirit of European techno-nationalism."

"Airbus has surprised everybody from starting as a

puny, lightweight, one-airplane operation to growing into one of world's two producers," said David Venz, a spokesman for Airbus. "It has done so with great tenacity and determination."

How did Airbus reverse the fortunes of one of the most powerful companies, who controlled more than 60 percent of the commercial aircraft market? How did the European upstart—and its often contentious and somewhat secretive partners—survive their own cultural clashes?

A variety of answers emerge to explain Airbus' success, but the story is still a work in progress.

Since it started in 1970, Airbus has been structured as a consortium of

aggressive pricing, and technological innovation, analysts say. Others point to the government subsidies that cushioned the upstart plane maker from the brutal competition against established giants Boeing, McDonnell-Douglas, and Lockheed.

A sense of urgency to protect Europe's rapidly shrinking commercial-airplane industry also played a role, one that forced former enemies to put aside their differences and draw on their expertise to reverse the continent's flagging airplane fortunes.

"In a social sense, it is an incredible achievement," said George Hamlin, analyst for Global Aviation Associates. "This is a cooperative venture from people who were fighting each other fifty years ago."

In 1970, the French and Germans realized that to be a player at all they had to build a large wide-body passenger jet because Boeing had revo-

lutionized jet travel with its big, four-engine 747. With seating for more than 400 people and huge cargo space, the venerable jumbo jet reduced airline operating costs and increased passenger tickets while boosting airline profits.

forces with equal share of the Groupement D'Intérêt Economique (or the economic interest group). Later, British Aerospace joined, followed by CASA.

"Necessity drove cultural change—not the other way around," said Richard Aboulafia, aviation consultant with the Teal Group. But "European aviation had united to stave off oblivion."

As its first design, Airbus produced the A300, the first twin-engine widebody aircraft. Boeing and McDonnell-Douglas both ignored the market niche, preferring larger widebodies, such as the 747 and DC-10. By 1977, the A300 held 5 percent of the market. Five years later, it controlled 20 percent.

But Airbus struggled over the next two decades to enlarge its overall market share. Its second model, the A310 twin-engine wide-body, failed to create much excitement, partly for



Airbus chief Noel Forgeard insists the consortium will launch its enormous superjumbo jet, known as the A3XX, to go head-to-head with the 747.

four owners. They include France's Aerospatiale and Daimler-Chrysler Aerospace of Germany, each holding a 38 percent stake. British Aerospace controls 20 percent and CASA of Spain owns the remaining 4 percent. Each helps produce sections of the Airbus jetliners, and a separate management company, based in Toulouse, France, oversees operations and handles sales and certification.

Part of the consortium's success has been a shrewd product strategy,

Boeing's other US competitors—Douglas Aircraft Company and Lockheed Corporation—also were building wide-body jets: the DC-10 and L-1011. The Europeans had to succeed in this risky market if they stood any chance of surviving in the future.

The two countries also recognized that no one European country had the financial or technical expertise to develop a big wide-body jetliner. First, the Germans and French joined

technical reasons. Between 1983 and 1987, the consortium's market share was about 15 percent. That was about to change.

Airbus' biggest breakthrough came when it introduced a new-technology, 150-seat, narrow-body passenger jet in 1988, called the A320.

The plane, with advanced cockpit designs and more comfort in the passenger cabin, outperformed Boeing's 737 and McDonnell-Douglas' MD-80 jetliners.

Airbus later stretched and shrank the basic design of the A320 to offer three versions of the plane to fit specific markets. The A319, A320, or A321 offered the same cockpits and virtually the same design, saving airlines expensive pilot-training costs

and giving executives more flexibility to respond to new markets.

Emboldened by the success of the A320, Airbus strategists wasted no time introducing two other airplane models.

In June 1987, Airbus launched the 300-seat, twin-engine, wide-body A330/A340. "Engineers designed the two models for two different market segments, but with a high degree of commonality," Aboulafia said. Total development cost: \$3.5 billion.

"The A330 and the A340 share similar fuselage, cockpit, tail, and wing sections," Aboulafia said.

Again, aircraft commonality helped Airbus overtake McDonnell-Douglas' MD-11 and later compete with Boeing's formidable 777, which was launched in 1990. The combined A330/340 order book exceeds 400 planes.

Boeing, which now owns McDonnell-Douglas, plans to end MD-11 production in 2000, after delivering the two-hundredth airplane. But Boeing's 777 has proved to be a tough competitor, notching more than 360 orders.

"Nevertheless, the A330/340 family succeeded in establishing Airbus as what it is today: the second-biggest player in the jetliner market," Aboulafia said.

But despite these successes, there were two big holes in Airbus' product line.

Boeing's 757 and 767 were beating the Airbus A300/310 in the 200-250-seat market, and the Europeans had no 400-seat airplane to compete with Boeing's 747. That still left the consortium short, with about one-third of the market throughout most of the 1990s.

To get 50 percent, which became an Airbus mantra, executives went on the offensive. They crafted a two-prong strategy: engage in steep price discounts and develop a plan to eventually steal Boeing's very profitable 747 market.

In the early 1990s, Airbus offered steep discounts and walkaway leases to establish its A320 narrow-body planes in the North American market. Soon, Airbus sold A320s to Air Canada, America West, and Northwest, which received \$500 million in soft loans as an inducement, Aboulafia said, which raised the tensions between the European and American companies.

Longtime Boeing customer United Airlines stunned Seattle executives in 1992 when it selected the A320 over the 737. That forced the American jet maker to upgrade its aging 737, if it intended to compete in that market. While Boeing's new 737s have narrowed the gap, Airbus continued to notch significant narrow-body sales around the world, including multibillion dollar orders with US Airways and British Airways.

Now, Airbus is preparing to wage its final battle for parity in one of the most strategically important industries.

Airbus chief Noel Forgeard insists the consortium will launch its enormous superjumbo jet, known as the A3XX, to go head-to-head with the 747. However, in February at a meeting of the four European partners, Airbus quietly pushed back the plane's formal launch to late 2005 or early 2006.

Airbus already launched a longer version of the four-engine A340 to

compete for the bottom of the 747 market. The so-called A3XX is supposed to squeeze Boeing's 747 from the top, stealing the market for 500 passengers or more.

Development of the A3XX will cost at least \$10 billion. Many analysts say the costs will be much higher. They question the economic viability of a second jumbo jet and wonder if airlines would pay more than \$200 million for such a plane.

If Airbus had listened to the critics, it would have failed long ago. By ignoring them and, at times, conventional wisdom, it has survived. Douglas and Lockheed are no longer players.

By the time former Airbus chairman Jean Pierson flew to the Singapore Air Show in 1998, he could proclaim in all seriousness that Airbus had reshaped the commercial jet industry in less than thirty years. The once upstart planemaker had established a future for the European aviation industry. ☐

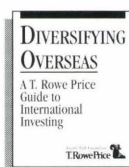
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*Business Is Booming in
the World's*

Biggest Tourist Market

Tourism shares star billing with telecommunications and information technology as the major business sectors reshaping Europe's economic contours.

There's a lot more to European tourism than hotels, theme parks, palaces, and ancient monuments. The industry touches every sector, from bustling shipyards in Finland, Germany, France, and Italy that dominate the booming market for the luxury cruise liners that sail out of Miami to companies that run the world's biggest duty-free shopping malls at scores of American and Asian airports.



EuroDisney (left) has become Europe's most popular tourist attraction with 12.5 million visitors in 1998. European tourists are flocking to cruises (below), and European cruise lines have earned a sizable slice of the US market.

part-owned by Microsoft's Bill Gates bought Britain's Cliveden luxury hotel group, while London's landmark Savoy was snapped up by Blackstone Hotel Acquisitions, a company controlled by Blackstone and Colony, two US-based investment groups. Meanwhile, a new Playboy casino was scheduled to open on the Greek island of Rhodes in March, and if it proves successful, others will follow across Europe.

Tourism in Europe is a mega-industry boasting eye-popping financial statistics. Last year, it generated revenues of \$1.15 trillion, or 14 percent of the total gross domestic product (GDP) of the fifteen-nation European Union, according to estimates by the World Travel and Tourism Council (WTTC) in London. It employed 22.2 million people, or 14.6 percent of the EU work force, and invested more than \$245 billion. That makes the EU the world's biggest tourism market, pushing North America into second place.



France is the world's most popular destination for foreign tourists, attracting 66.8 million visitors in 1997 compared with the US, in second place with 49 million. Spain, Italy, and the United Kingdom occupied the next three places. And despite economic difficulties, western Germans still lead in per capita tourism spending.

Europe has a head start on most of its competitors thanks to a combination of an unrivaled historical and cultural heritage and a modern services infrastructure.

American money is pouring into the European industry with some of the best-known names taking advantage of the current upturn.

Walt Disney is planning a second EuroDisney park following the success of its first venture near Paris. A group that is

For some European countries, tourism is an economic lifeline. In Greece, tourism and travel contributed 19 percent to GDP in 1998 and provides 17 percent of jobs. It also accounts for 24 percent of all capital investments and 30 percent of foreign exchange earnings. In Central and East European countries, tourism provides an invaluable hard currency cushion to soften the painful transition to a market economy. In Croatia, it generates 10 percent of the country's GDP.

Mass tourism took off in Europe in the early 1970s with the arrival of the jet plane launching a brand-new industry based on the annual summer migration of north Europeans to the golden beaches of the Mediterranean. The exodus continues, but the destinations have become

more exotic, forcing the southern European countries to repackage their attractions and sharpen their marketing—with some success. More than 40 percent of British package vacationers still go to Spain, which also remains the main non-German destination for German tourists.

The industry suffered a small setback last year with a sharp drop in high-spending visitors from crisis-mired Asia likely to cut income last year by some \$23 billion, according to the WTTC. But this is a hiccup compared with the impact of the Gulf War and the recession of the early 1990s.

Far from maturing, Europe's tourism industry is set for faster growth, thanks to a cocktail of bullish factors, notably the introduction of the single currency, the euro, the ending of passport checks at many border crossings and airports, the spectacular growth of low-cost no-frills airlines, and the spread of high-speed rail links.

Equally important, Europeans have much more leisure time than Americans or Japanese—most workers have on average five to six weeks annual vacation, excluding public holidays—and disposable income is rising steadily.

Eastern and Central Europe has become a new favorite tourist destination, although cash shortages have hindered development and the region retains a downmarket image, although cities such as Prague and Budapest are in vogue with young high-spending travelers.

Cruises, until recently a mainly American pastime, have also becoming popular in Europe, although it remains a niche market. European firms like Britain's P&O and Norway's Royal Caribbean Cruise Line have a sizable slice of the US market and are well positioned to take advantage of burgeoning demand in their domestic waters.

The arrival of the euro will undoubtedly boost travel and tourism by removing the major irritant of changing money, not just for Americans and others, but for European travelers too. It will also make a difference in the tourist's pocket—it is estimated that someone traveling through all eleven Euroland countries and changing money at each border would lose 40 percent of the value in commission and exchange costs. Although euro coins and notes will not enter circulation until 2002, euros can be used for non-cash transactions with a credit card or by check.

The industry itself will gain from monetary union. ECTAA, the Brussels-based European association of travel agents and tour operators, estimates currency exchange costs at between 1.8 percent and 3 percent of a travel company's revenue. This is a sizable cost for a low-margin industry with gross profit margins of 10 percent in good



Budapest is a favorite destination with European travelers, and tourism revenue is helping Hungary's transition to a market economy.

times. However, some analysts predict the euro will lead to more competition by increasing price transparency.

Improved transport links are also easing travel by making voyages faster, cheaper, and more convenient. Some infrastructure investments create entire new markets, such as the Channel Tunnel, which has created a three-hour rail service between downtown Paris and London. Travel to Scandinavia, one of Europe's less accessible tourist markets, will be much easier after 2001 with the opening of a bridge linking Sweden and

Denmark.

The spread of high-speed rail links is also creating new markets. The Thalys service has more than halved travel time between Brussels and Paris to less than ninety minutes, and two-thirds of the passengers are tourists. On completion, the network will connect the two cities to Amsterdam and Cologne.

A new breed of US-style, low-cost, no-frills airlines has provided a shot in the arm for the tourism industry by transforming weekend city breaks into a mass market. Ryanair, the pioneering Irish carrier, is largely responsible for making the London-Dublin route the second-busiest in Europe after London-Paris and is now applying its low-cost formula to Scandinavia, Italy, and southern France. Rome, Madrid, Amsterdam, Barcelona, and Venice also are well established on the weekend circuit, prompting other cities and their airports to increase their marketing efforts.

Europe has kept pace with the globalization of tourism, from hotels to airports. Accor of France is the world's largest hotel operator, and Bass, the British group that owns Holiday Inn, moved into the four-star market last year with its \$1.8 billion acquisition of the 197-hotel InterContinental chain from the Japanese-controlled Saisons Group.

European airports have gone global to grow their tourist revenues. BAA, the owner of London Heathrow, for example, is the world's biggest operator of duty-free outlets following its purchase of Duty Free Americas two years ago. Moreover, the push overseas is accelerating as airports rush to diversify before duty-free sales within the EU, a valuable source of revenue, are ended later in the year. Aer Rianta, the Irish airport group, which has franchises in Moscow, Warsaw, and China, is now focusing on Eastern Europe and Southeast Asia. ☺

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

EUROPE

Update

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WHAT THEY SAID

...ABOUT KOSOVO AND THE RAMBOUILLET PEACE TALKS

"A political framework is now in place, as set out in the Rambouillet accords, and the groundwork has thereby been laid for finalizing the implementation chapters of the agreement."

—Hubert Vedrine, the French foreign minister, and Robin Cook, the British foreign secretary, in a joint statement regarding the implementation of a draft peace accord for Kosovo at the end of the first round of the Rambouillet peace talks last month

"Today is not the end of that process but only the end of phase one of that process. We have done a lot here, even if we've not done enough."

—Robin Cook, British foreign secretary

"This settlement is the best deal either side could hope to achieve."

—Madeleine Albright, secretary of state

"These weeks are to consolidate peace, not to take advantage and make any change in the situation."

—Javier Solana, NATO secretary-general, warning Yugoslavia not to launch a military offensive against Kosovo

"Our principal efforts to preserve the territorial integrity and sovereignty of our country were affirmed."

—Milan Milutinovic, Serbian president

"We Albanians should not accept something just because (Milosevic) rejects it."

—Adem Demaci, political representative of the Kosovo Liberation Army

"It's not a perfect agreement, probably not the one they [Kosovo Albanians] would draft, but I think it's the best possible agreement."

—Bob Dole, former senator and special envoy representing President Clinton

"All parties concerned must act decisively to prevent another mass murder like the one we have seen in Bosnia."

—Gerhard Schröder, Germany's chancellor, speaking to a European security summit in Munich

"(The Contact Group) would give real self-government to Kosovo and would give Serbia an opportunity to get out of a conflict that is increasingly isolating it from the world."

—Robin Cook, British foreign secretary

"There is no comparison between Iraq and Kosovo. Each theater and crisis has its own logic."

—Western diplomat

"The more credible the threat, the more likely that we can succeed in the political objectives."

—James Rubin, State Department spokesman

"The bloody wars of the last decade have left us with no illusions about the difficulty of halting internal conflicts—by reason or by force—particularly against the wishes of the government of a sovereign state."

—Kofi Annan, United Nations secretary-general

REPORTER'S NOTEBOOK

Kosovo: The View from Rambouillet

Two deadlines for NATO air strikes came and went, and after seventeen days at the fifteenth-century French chateau of Rambouillet, the NATO leaders found themselves not only building a castle in the air but trying to live in it. They had devised a peace agreement that was fair and reasonable on all counts, except that neither of the two warring sides was prepared to accept it.

There is now a peace plan, which grants Kosovo autonomy and which the Serbian government has grudgingly accepted, but the Serbs then reject the presence of the NATO force required to enforce it. The Kosovars want the security force but are deeply divided about the autonomy deal and peace plan that the NATO force is meant to police. The Kosovar negotiators left Rambouillet for further talks with their own militants in the Kosovo Liberation Army to see if they could be induced to accept the promise of autonomy with the eventual prospect of a referendum on independence.

On the ground in Kosovo, the head of the international force of civilian monitors, Ambassador William Walker, complained that "neither side is in compliance with its pledges to maintain a cease

fire." Serbian troops were massing ominously; Kosovo refugees were fleeing into Macedonia; and a Chinese veto at the United Nations brought to an end the UN mission of a trip-wire force on the Macedonian border.

Apart from the achievement of the International Contact Group of the US, the United Kingdom, France, Italy, Germany, and Russia in framing a peace settlement on paper, the real achievement of their efforts since the initial threat of air strikes last October has been to get through the winter. Back in October, the fear was that hundreds of thousands of Kosovo refugees would flee into the woods and mountains, facing death from exposure. Now the spring is coming, and any new wave of refugees would be an embarrassing disaster, rather than a monstrous tragedy.

There are three separate, but connected, problems that combine to make Kosovo an intractable problem. The first is that Serb leader Slobodan Milosevic not only has the big guns on the ground, but he is also an indispensable part of the wider Balkan security system as a guarantor of the Dayton peace agreement for Bosnia. There are limits, therefore, on how far NATO can move against him.

The second problem is that the Kosovars are divided between reasonable civilian

leaders and uncompromising paramilitary forces that will settle for nothing less than full independence. They appear determined not only to fight, but to provoke new Serb outrages against civilians that will affront Western television cameras and public opinion. In this kind of televised guerilla war, Kosovars can win political and media 'victories' through the sacrifice of their own people.

The third problem is what NATO officers are starting to call "the Saddam syndrome," after the skill of the Iraqi leader in defying the will of the international community but not sufficiently for them to launch armies that could topple him. The US and NATO appear trapped in a strategy that is prepared to use air strikes and cruise missiles but not to risk the lives of ground troops. Knowing this and knowing the punitive limits of such air strikes, Milosevic, like Saddam Hussein, has been emboldened in his defiance.

A new deadline now looms in mid-March. If the Kosovars do not sign up for the Rambouillet peace deal, they can face sanctions in the form of NATO troops in Albania to cut off their arms supplies. If the Serbs do not accept that there must be a NATO military presence in Kosovo to enforce the agreement, they face air strikes. That is the theory. In practice, the Contact Group is

looking wobbly. The Russians are against air strikes, and the Italians and French are highly dubious. Since NATO operates by consensus, any one of the sixteen NATO allies can block the fulfillment of the original ACTORD (activation order) authorizing the air strikes of last October.

In the meantime, Belgrade think tanks and some Serb diplomats are floating the prospect of partition for Kosovo, in which the Serbs keep the North and the Kosovars get the rest. This might be part of a package in which the Republika Srpska (the Bosnian Serb territory) would be allowed to reunite with Serbia, thus producing an ethnically cleansed Greater Serbia. This solution is what some observers think Milosevic has wanted all along.

"Ethnic states are a nineteenth-century concept which are wholly inappropriate in a Europe entering the twenty-first century," commented NATO Supreme Commander General Wesley Clark. But NATO is determined to reach some kind of Kosovo solution before its fiftieth anniversary summit in Washington in late April. The self-congratulation and ambitions of that event would sit ill with an impotent NATO, a frustrated international community, and a brutal guerilla war still raging in Kosovo.

—Martin Walker

EU NEWS

UK Plans for the Euro

Prime Minister Tony Blair announced a multi-million-dollar plan to gear up computers and cash registers for using the euro. In a speech to the House of Commons last month, Blair said, "We can no longer afford to pretend either that the euro does not exist or that Britain should not prepare actively for it." He declared that his National Changeover Plan "is not a change of policy, it is a change of gear." Each government department will now

have a minister in charge of euro preparations.

Battle Over Farm Reform

European Union leaders face a tough task meeting a March 24–25 deadline for reaching an agreement to reform the fifteen-nation bloc's finances to prepare for its enlargement to the former communist nations on its eastern borders.

Reform of the EU's Common Agricultural Policy (CAP), which swallows half of the EU's \$100 billion annual budget, is a major hurdle to

an overall accord, and EU leaders are expected to impose an agreement if farm ministers can't narrow their differences.

Germany, the current president of the EU, proposed freezing CAP outlays at current levels of about \$44 billion a year by 2006, which would pave the way for deep cuts in guaranteed prices for products such as grain and meat and reductions in direct payments to farmers.

EU leaders acknowledge such cuts are vital if the EU is to minimize the financial im-

pact of accepting new members, such as Poland, that have large farm sectors. But there are deep differences over how to spread the pain among EU members.

Time is also running out for the EU to agree on how to reallocate aid programs with Spain, Greece, and Portugal resisting moves that would cut flows to their less-developed regions.

EU leaders made little progress at a special summit near Bonn at the end of February, prompting German Chancellor Gerhard Schröder

to undertake a whirlwind tour of EU capitals to drum up support for an outline agreement on the so-called Agenda 2000 package, ahead of a budget summit in Berlin on March 24-25.

The chancellor warned that failure to reach agreement in Berlin could cause difficulties in the financial markets that might affect the euro, the EU's single currency.

Last month, more than 30,000 farmers, representing all fifteen EU countries, demonstrated in the Belgian capital against the proposed reforms in their biggest rally in twenty-five years.

EU-Russian Leaders Meet

European Commission President Jacques Delors and German Chancellor Gerhard Schröder met in Moscow last month with Russian president Boris Yeltsin. Topics discussed included the possibility of building a new natural gas pipeline and modernizing several highways connecting Russia with Europe. Yeltsin commented that "Russia and the European Union are strategic partners." The three

leaders said the EU-Russian partnership was "a fundamental factor of peace and stability on the European continent."

Inner London is EU's Wealthiest Region

Inner London replaces Hamburg as the European Union's wealthiest region in the most current ranking from Eurostat, the EU's statistical service. After inner London and Hamburg, the wealthiest regions are Darmstadt, Brussels, and the state of Luxembourg.

Greece Names New Foreign Minister After Ocalan Affair

Prime Minister Costas Simitis named George Papandreou, formerly the deputy foreign minister, as Greece's new foreign minister last month.

The cabinet shuffle comes after Theodoros Pangalos was asked to resign for mishandling the situation surrounding Kurdish separatist Abdullah Ocalan's attempt to find a country that would allow him sanctuary. Turkish agents seized Ocalan in Kenya last month, after he had spent twelve days in secret Greek diplomatic protection.

Papandreou indicated that his replacement of Pangalos did not signify a major shift in Greek foreign policy.

Denmark Best Prepared for 2000

A "European Future Readiness Index" designed by a group of European consultants and business executives ranked EU countries on economic performance, fairness, harmony, and general readiness for the future. The study, which looked at everything from Internet usage to organized crime, rated Denmark with an 87.3 score out of 100 as being the EU country most prepared for the future. Austria came in second with 87.2, and Ireland had an 87 rating.

EU Central Bank Names Washington Representative

The European Central Bank has appointed Robert Raymond as its permanent representative in Washington, DC with observer status at the International Monetary Fund. Raymond will participate in all IMF executive board meetings related to the euro zone

and the role of the euro in international monetary systems. He has been a special advisor to the ECB.

The Euro on the Internet

The Washington Delegation of the European Commission has added a comprehensive listing of on-line information about the euro to its web site (www.eurunion.org/infores/index.htm).

The listing is composed of some forty links to both EU-sponsored and independent sites. The content on these sites ranges from basic information about the new currency to in-depth data. The EUROBirth site takes a lighter approach, offering an animated stork and a map of Euroland as well as a calculator that converts various currencies into euros.

The list of non-EU web sites includes links to euro-related items at on-line news services, such as the *Economist* and the *Financial Times*, as well as at consultancy firms, such as PriceWaterhouseCoopers and Paribas International.

BUSINESS BRIEFS

Europe's biggest takeover bid began in earnest in early March as **Olivetti**, the Italian information technology and telecommunications group, sought allies to back its \$60 billion hostile bid for **Telecom Italia**, the country's former telecom monopoly that was privatized only seventeen months ago.

The audacious bid by a company that was nearly bankrupt two years ago for a firm five times its size was expected to trigger copycat deals in other sectors and usher in profound changes in the Italian business world, which is more used to behind-the-scenes deals between small powerful elites.

Prime Minister Massimo D'Alema hailed Olivetti's move and said he had an "appreciation for a group of peo-

ple, entrepreneurs, and managers who want to acquire and run a big company like Telecom Italia."

Olivetti's chief executive, Roberto Colaninno, likened the bid to a referendum on the future of capitalism in Italy. "This is the equivalent of an election campaign. Nearly 2 million small shareholders will have to vote one way or the other."

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DeCode Genetics, the Icelandic biotechnology company, likely will list its shares in New York after getting government approval to develop a genetic data base of the entire population of the isolated North Atlantic island.

The firm, established two years ago, is reckoned to be worth some \$300 million, reflecting the drug industry's

interest in a company with the world's first genetic research center providing the opportunity to study the spread of diseases across an entire population.

The database, extracted from a gene pool that has barely changed since the Vikings landed more than 1,000 years ago, will contain medical and family records of the population going back hundreds of years.

Some doctors and civil rights groups protested the database threatens to violate patients' rights to privacy and could be abused. The company claims its database will significantly cut the cost of research as scientists will be able to track disease mutations over several decades and compare DNA records from families with a heredi-

tary propensity to certain illnesses.

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Nokia of Finland finally toppled **Motorola** from its perch as the world's leading maker of mobile telephones. Sweden's **Ericsson** held onto third place, consolidating Europe's dominant position in a fast-growing industry that is set for even more spectacular advances as it introduces a new generation of phones.

Nokia sold 37.4 million handsets in 1998, representing a 22.9 percent market share and a staggering 81.5 percent surge in sales over 1997. Motorola lifted sales by "only" 27.6 percent to 32.3 million units, a 19.8 percent market share, according to Dataquest, an industry consultant. Nokia has made deep inroads into the US, taking

BUSINESS BRIEFS (CONTINUED)

more than 35 percent of the market for digital telephones.

Nokia's success reflects the global popularity of digital mobile handsets, which accounted for nearly 85 percent of the 163 million wireless telephones sold throughout the world last year.

•••

Michael Foods, a food processor and distributor company in Minneapolis acquired a 50 percent interest in the **Lipid Company SA**, Luxembourg. The Lipid Company will build a state of the art facility in Wiltz, Luxembourg, which will be operational in early 2000. CEO of Michael Foods Gregg A. Ostrander said, "We expect to take full advantage of Luxembourg's strategic location in the heartland of the European monetary union."

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Aegon, the acquisitive Dutch insurance group, became America's third-largest life insurer following its \$9.7 billion acquisition of San Francisco-based **Transamerica Corp**, which created a new industry behemoth capitalized at more than \$62 billion and with more than \$205 billion in assets.

The deal underscored the continuing attraction of the US to European financial firms seeking to become global players despite the competing allure of Europe's single market and the recently launched single currency, the euro.

The takeover made Aegon the third-largest insurance company in the world by capitalization behind **American International Group** and **Alianz** of Germany. In the US life insurance market ranked by assets, it will be third behind **Prudential** of America and **Metropolitan Life**.

•••

A British company is busying 70,000 pupils a day to schools in Chicago, Detroit, and Philadelphia, following one of the more unusual foreign investments in the United States.

National Express, a bus and airport operator, paid

more than \$20 million for Chicago-based **Robinson Bus Service**, its second acquisition in the US school market following a \$37.5 million purchase last September of **Crabtree-Harmon**, a mid-western-based firm.

National now has 1,750 yellow school buses transporting around 170,000 pupils a day. The group, which is rapidly expanding its international operations, is expected to make further purchases in an industry that transports 55 percent of school children.

In an earlier US deal, National was named as the preferred bidder for Stewart Airport near New York.

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Europe's tire industry was braced for an outbreak of hostilities as firms recast their strategies in the wake of the alliance between **Goodyear** and Japan's **Sumitomo Rubber Industries**, which created the world's biggest tire maker.

Pirelli of Italy was first off the mark, unveiling a strategic alliance with **Cooper Tire and Rubber** for their North and South American businesses that increased pressure on other European firms to strengthen their defenses to survive the coming shake out in the \$75 billion-a-year global market.

Pirelli and **Continental** of Germany are second-tier manufacturers that are thought vulnerable to the industry's Big Three: **Goodyear-Sumitomo**, **Michelin** of France, and **Bridgestone** of Japan. With Pirelli, the world number-five, teaming up with Cooper, the eighth-largest player, Continental is viewed as the most vulnerable to a takeover bid.

The Goodyear deal has also stepped up pressure on Michelin to respond in kind to the US firm's breakthrough into the Japanese market. Analysts were tipping an alliance with **Yokohama**, Japan's third-largest manufacturer as the most likely outcome.

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BMW, Germany's luxury car maker, insists it will re-

main independent despite rising speculation that troubles at **Rover**, its British subsidiary, will force it to sell out to a larger manufacturer.

Volkswagen, Germany's largest car maker, was talked about as a likely suitor, although BMW's controlling shareholder, the secretive Quandt family, was insisting its 45 percent stake was not for sale. **General Motors** also was mentioned as a possible buyer.

Speculation about BMW's future was triggered by the rising losses at Rover—estimated at more than \$600 million in 1998—and the forced resignation of BMW chairman Bernd Pischetsrieder, who bought Rover in 1994, and the ousting of his heir apparent Wolfgang Reitzle.

Separately, **Daimler-Chrysler**, the German-US car group, said it would decide by May whether to take a stake in **Nissan**, the financially troubled Japanese firm. A partnership with Nissan, the world's number-five car maker with a 20 percent share of the Japanese market and plants in the US and Europe, would turn Daimler-Chrysler into the world's only truly global car company, according to co-chairman Jürgen Schrempp.

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Securitas of Sweden became the world's largest security firm after buying **Pinkerton**, the US group, for \$380 million in its first foray across the Atlantic. The deal, which will create a company with combined sales of \$3.4 billion and around 114,000 employees, came after Securitas spent around \$760 million on

acquisitions in Europe over the past two years.

Securitas intends to retain the Pinkerton brand in the US where it is the third-largest provider of security services after **Borg Warner**, which owns **Wells Fargo** and **Wackenhut**. It also plans to expand Pinkerton's investigative operations in Europe.

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Air France, for long derided as the sick man of the European airline business following seven straight years of losses and a controversial multibillion dollar government bailout, is poised to join the high fliers like **British Airways**, **Lufthansa**, and **KLM Royal Dutch Airlines**.

The government successfully floated 20.7 percent of the carrier, which has returned to the black, on the Paris stock exchange in late February, and the company is now looking to join a global alliance. It is being actively courted by **Continental Airlines** and **Delta Air Lines** for a partnership and has also held talks with **KLM** and **Alitalia** about joining an alliance that would also include **Northwest Airlines** and **Air China**.

Air France has signed code-sharing agreements with more than twenty airlines, but it is not a member of a global alliance. The company, which pledged shares to pilots as part of a recent labor contract, is an attractive partner as its hub at Charles de Gaulle Airport north of Paris is one of the few big European airports with room for expansion.

—Bruce Barnard



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The

EURO

Effect

*How the new
currency will
change travel*

BY BENJAMIN JONES

All the hoopla about the introduction of the euro last January for non-cash financial transactions made some travelers planning trips to Europe nervous and wondering just how the new currency would affect them. However, tourism experts maintain that the euro will make things much easier and even cheaper for visitors to Europe once it becomes the coin of the realm in three years time.

Tourists hope shopping in Europe will become easier with the introduction of euro travelers checks.

"Until the year 2002 and the currency is legal tender for all transactions and the coins and bills are on the street, the euro will not be a significant issue for most people coming to Europe," says Peter Shackelford, the regional representative for Europe at the Madrid-based World Tourism Organization.


"But once it is in full circulation, American tourists will find that figuring out prices, converting money, and shopping is much simpler," he says, pointing out that for the moment, the euro is much more similar in value to the dollar than most European currencies, so calculating how much things cost takes less effort.

In addition, if someone is visiting more than one country on a European sojourn, they won't have to go through all the mental mathematics every time they cross the border, as they will be spending only one currency. "When you're in Italy, you won't have to grapple anymore with figuring out whether you should tip the doorman 14,000 lira or 140,000 lira," Shackelford explains.

Experts also say that comparing prices between countries will be easier; tourists will save time by not having to change money; and they will save money by paying fewer commissions to exchange operators. However, some caution that many small hotels make a tidy profit from currency exchange, and if their commissions are eliminated, they will have to raise prices.

However, it may take some time for even Europeans to get used to the euro. Recently a British reporter tried to use newly minted euro travelers checks for purchases at more than a dozen establishments in a French city that sees lots of tourists, and not one would accept them. ☹

Benjamin Jones is EUROPE's Madrid correspondent.



EUROPE'S TOP SPOTS

The Millennium Dome in Greenwich, England is just one of the attractions for tourists visiting Europe this year.

Attracting
tourists
for the
millennium

By Benjamin
Jones

Again this summer, Americans will be flooding to Europe to stroll along the Champs Elysées, rubberneck at Buckingham Palace, splash in the Mediterranean, cruise the fjords, and perhaps take in a bullfight. Last year, 11 million Americans visited Europe for the seventh-consecutive record year, and 1999 promises to be another, according to the Brussels-based European Travel Commission (ETC).

The United Kingdom is the top destination for US visitors to Europe, followed by France, Germany, Italy, the Netherlands, Spain, and Switzerland. Moreover, the Scandinavian countries are becoming increasingly popular for Americans.

Ireland is also seeing a lot more Americans these days, helped along by the so-called peace dividend in the north. Meanwhile, Central European countries like Hungary and the Czech Republic, which experienced a tourism boom after the fall of the Iron Curtain, are seeing fewer visitors, perhaps due to widespread reports of rip-offs and overcrowding.

"Wherever they go these days, Americans traveling in Europe are more sophisticated than in the past," says Walter Leu, the executive director of the ETC, which represents twenty-nine European tourism boards and promotes Europe as a destination to the US travel market.

"Americans know what they want out of their trip and have studied the destinations beforehand. They want to be enriched, get closer to the local people, and absorb some culture," he says. "They're not just sightseeing anymore."

Leu explains that, while there are no world fairs or expos taking place this year, almost every country is celebrating some kind of anniversary or putting on a special event (including millennium bashes) and getting the word out to ensure the maximum number of poten-

"Americans know what they want out of their trip and have studied the destinations beforehand. They want to be enriched, get closer to the local people, and absorb some culture."



Amsterdam's renovated Van Gogh Museum is set to reopen in June.

tial foreign visitors hear all about it.

"Tourism marketing people fully understand the value of promoting special occasions, and even if no mega-events are on the calendar, there are plenty of national and local celebrations going on this year," he says.

Germany is marking the 250th anniversary of the birth of poet, scientist, and statesman Johann Wolfgang von Goethe (1749–1832) and Weimar, the city where he lived for almost fifty years, is the European Cultural Capital of 1999. Other events include special performances of Goethe's works and exhibitions relating to the life and times of Germany's leading intellectual figure.

In the Dutch city of Amsterdam, the world-famous Van Gogh museum will re-open June 24 after nearly a year of renovation and expansion, which has almost doubled exhibition space. The museum plans a special exhibition highlighting the work of Vincent Van Gogh's brother Theo and 200 paintings by other artists from the same period.

After viewing the postimpressionist treasures there, art lovers can just pop next-door to Belgium, where Antwerp is marking the 400th anniversary of the birth of old master Anthony Van Dyck (1599–1641), student of Peter Paul Rubens and court painter to England's Charles I. The exhibition from May 15 to August 15 will be the largest ever devoted to the artist.

For those with more interest in natural phenomena, on August 11 the last solar eclipse of this millennium will be visible from Cornwall in southwestern England, and then the giant

shadow will move across northeastern France, Germany, Austria, Hungary, and Romania.

France is also expecting tens of thousands of extra visitors to Normandy to observe the fifty-fifth anniversary of the allied D-Day landings. Tourism officials there say that the success of the Steven Spielberg film *Saving Private Ryan* has spurred interest among Americans in the great battle and that most hotels in the region have been booked since last fall.

This year—and every year that July 25 falls on a Sunday—the northwestern Spanish city of Santiago de Compostela proclaims a Holy Year and honors the country's patron Saint James, whose body is said to be buried there. Celebrations center on the city's magnificent cathedral, the destination of Christian pilgrims for more than a thousand years.

Lovers of the waltz will want to book a few weeks in Austria, time enough to take in at least some of the many concerts and operas around the country to honor the 100th anniversary of Johann Strauss Jr.'s death and the 150th anniversary of the death of his father.

Furthermore, history buffs with a special interest in the Middle Ages should include on their itinerary Denmark, where more than 500 exhibitions and events are scheduled in museums, castles, churches, towns, and cities to celebrate Medieval Year. The Danes reckon the Medieval Era to cover from around 1000 AD, when they became Christians, to the 1530s when the Reformation occurred.

Anniversaries and one-time exhibitions aside, Europe's 1999 calendar is filled with those perennial events such as art, music and drama festivals, fiestas, beer and wine festivals, and local celebrations of every stripe and for every occasion.

Finland, for example, will be putting on music festivals across the country during the relatively warm summer months. Finnish music lovers and visitors flock to hear international talent at events such as the Lakeside Blues Festival in Jarvenpaa, the Imatra Big Band Festival, and the International Pori Jazz Festival.

At the end of the year, many Americans will fly to Europe to be on hand when the clock ticks down the night of December 31 to usher in the new millennium. Three cities stand out for a special reason or for their millennium preparations: Rome, London, and Paris.

Hundreds of thousands of people plan to descend on Rome for its links to Christianity, and city fathers are already warning millennium visitors to stay away because there's no room at the inn. Near London, Queen Elizabeth and a host of the great and good will be on hand to inaugurate the Millennium Dome in Greenwich in what promises to be one milestone of a party. Meanwhile, the French capital is sprucing up, renovating museums and monuments and spending hundreds of millions of francs on infrastructure projects to ensure the City of Light is at its best when the expected multitudes show up for the millennium fete just because it's Paris. ☺



WEIMAR
1999

BIG THINGS COME IN SMALL PACKAGES

Mankind is capable of many extremes: of lofty ideals; high-minded striving; dazzling wit, creativity, and intelligence, but also of base cruelty; narrow-minded prejudice; and mindless violence and destruction. Weimar, chosen to be this century's last European Cultural Capital, symbolizes both the best and the worst that man can do.

The
century's
last
cultural
capital

By Ester
Laushway

This cozy former East German town, which has retained its eighteenth century architecture, was where Johann Wolfgang von Goethe (1749–1832), one of the greatest minds of all time, lived for fifty-seven years. He fathered German classicism, a literary movement based on humanistic principles and the belief that man is free to strive and attain truth and beauty. On a hill overlooking that same town, the remains of the concentration camp Buchenwald stand, a reminder of atrocities that were a betrayal of everything in which Goethe believed.

Weimar as Europe's city of culture was a courageous and fitting choice for this final year of the millennium. The town has a population of only 60,000, but its ambivalent history is a lesson for everyone to learn. Small as it is, it is not small-minded. Weimar has not tried to deny or obliterate the

shameful episodes of its past. Goethe and Buchenwald—both are still remembered, one as a source of inspiration, the other as a warning. The two together qualify Weimar, like no other city, to ask what should be carried forward into the next millennium, and what should be left behind, if we hope to live in harmony on this earth.

As the smallest city to be chosen as a Cultural Capital since the annual title was first bestowed on Athens in 1985, Weimar has prepared for the honor quietly, with little fuss or fanfare, and minimum funding. The year's cultural program is being staged on a shoe-string budget of \$30 million, a palty sum when compared with the epic \$285 million Thessaloniki had to work with as 1997's Culture Capital, or even Stockholm's more reasonable \$115 million last year.

Weimar has not let lack of money stand in its way. The cultural calendar planned for this year is a thoughtful, balanced blend of sure-fire values, such as classical concerts conducted by Daniel Barenboim, Zubin Mehta, and Yehudi Menuhin, and bold, original choices, such as a contest for young musicians to set a Goethe or Nietzsche text to music and a requiem for the twentieth century composed by pop

In addition, numerous important anniversaries are being celebrated in 1999. Germany's greatest writer, Goethe, was born 250 years ago; Friedrich Schiller (1759–1805), a close second to Goethe in poetic genius, was born 240 years ago.



Weimar's Goethe and Schiller Memorial.

star Billy Joel. Five themes provide the main guidelines for Weimar's year of cultural events: "Weimar's position in Europe," "the Goethe complex," "the difficulty of remembering and coming to terms with the past," "parting and arrival," "ten years after the fall of the Berlin Wall."

In addition, numerous important anniversaries are being celebrated in 1999. Germany's greatest writer, Goethe, was born 250 years ago; Friedrich Schiller (1759–1805), a close second to Goethe in poetic genius, was born 240 years ago; eighty years ago, Walter Gropius (1883–1969) founded his Bauhaus school of architecture in Weimar, and the town became the seat of Germany's first democratic government, the Weimar Republic; fifty years ago the Federal Republic of Germany was created; and ten years ago Germany celebrated the fall of the Berlin Wall.

Weimar was not directly involved in the last of those historic events, but it played a central part in the others. Even before Goethe was invited to the court of Duke Carl August, the grand duchy of Weimar was a focal point of European culture and civilization. Johann Sebastian Bach lived there as court organist from 1708 to 1718 and composed some of his finest organ works there. In the nineteenth century, after Goethe's death, Weimar continued to draw musicians like Franz Liszt and Richard Strauss, writers and poets like Friedrich Nietzsche and Rainer Maria Rilke.

Still, Goethe's ghost dominates them all. He came to Weimar in 1775 at the age of twenty-six, and his arrival ushered in the golden age of classicism in Weimar, which lasted until his death in 1832. Out of gratitude for that legacy, the entire town is a shrine to Goethe's memory. The house he lived in for the last forty years of his life attracts about 250,000 visitors a year. His garden house in the town park on the Ilm River is another pilgrimage site. However, it will exist in three versions this year: the real thing, an exact copy being built beside the original, and a virtual reality

replica—all three intended to raise a question Goethe himself might have asked—how real is reality?

Poet, philosopher, politician, pantheist, botanist, geologist—he was a brilliant, restless soul, constantly searching for knowledge, for perfect love, for peace of mind. Of all his literary masterpieces, which he described as "fragments of a great confession," the work that reveals him most is his two-part play *Faust*. Dissatisfied and driven, chasing one sensation after the other, willing to sell his soul to the devil for a moment so perfect he would want it to last forever, Faust was both Goethe's alter ego and a symbol for the duality of all of mankind.

Weimar is presenting various incarnations of the Faust legend, which evokes its own history, split between good and evil. Besides twenty performances of the play, which will run until the end of August, musical versions of *Faust* by Berlioz and Liszt are being presented, as well as *Faust* films, a puppet opera, a rap, and a cyber version. For spectators with short attention spans, there is even an *Eighty-Minute Faust*.

Weimar is commemorating another ambivalent figure, the monster-man Frankenstein. The city has planned a festival combining film, puppet, and theater, involving 200 artists from nine countries. Modern theater highlights will include two Samuel Beckett plays—*Endgame* and *Happy Days*—both presented in English.

The year's musical highlights will also include violin recitals by Anne-Sophie Mutter and Pinchas Zukerman, a scaled-down rendering of Mahler's *Symphony of a Thousand* performed by the Weimar City brass band, a tribute to jazz legend Duke Ellington, and a percussion festival with international ensembles from around the world, including Japan, Brazil, and India.

"Moving Points," one of the most exciting programs on Weimar's calendar, will present leading contemporary dance companies from April to September. The outstanding international

lineup includes the Meryl Tankard Australian Dance Theater, the Tokyo Ballet, the Maurice Béjart Ballet Lausanne, and the Dance Theater of Harlem.

Weimar's painful past will not be ignored either. In January, an old hunting trail, which once led from Ettersburg Castle, one of the altars of German classicism, to Buchenwald concentration camp, was cleared and re-opened. Parts of the camp, which was built in 1937, have been preserved as a memorial to those who died there. The main gate, the crematorium, the storage rooms for the prisoner's clothing and personal effects still stand, and each year more than 270,000 people come to see the remains of a chapter in history too dreadful to forget.

Some camp inmates, who fought the dehumanization of that terrible place with the weapons of culture—words, thoughts, music, and images—will gather in Weimar in April and tell an audience of young people how they survived. Among the invited speakers are Nobel Peace Prize winner Elie Wiesel and Spanish writer Jorge Semprun.

Tolerance, understanding, and reconciliation, three means of avoiding a repetition of Buchenwald, will be the themes of an orchestra and chamber music workshop led by conductor Daniel Barenboim and cellist Yo Yo Ma. Under their guidance, forty young German, Israeli, and Arab musicians will work and play and give several concerts together.

On February 19, a parade of 150 French musicians and actors officially inaugurated Weimar's term as 1999 Culture Capital. The performers led a procession of larger-than-life metal animals, all species threatened with extinction, through the streets of Weimar "to fresh pastures." The message Goethe's town is sending is a timely one: Not just beast, but man, too, should move to new ground as the third millennium beckons. ☺

Ester Laushway is EUROPE's Paris correspondent.

THE GREEN OF EUROPE HEART

A vineyard in the Moselle region.

Luxembourg:
hidden
treasures
abound

By Alan Osborn

They say that in a single day you could eat breakfast in France, lunch in Belgium, take an aperitif in Luxembourg, and end with dinner in Germany—walking every step of the way from one country to the next.

No, it's not a recommendation but an illustration of two of Luxembourg's most important characteristics—its compact size and its proximity to widely differing cultures.

Just fifty-two miles long and thirty-six miles across at its widest point, Luxembourg is rightly described as the tiny green heart of Europe. A third of the country's 999 square miles is still covered with the same dense forests that worried Julius Caesar some 2,000 years ago and throughout the ages have served as a kind of natu-

ral buffer between the Latin and Germanic traditions.

You can see these influences reflected in the food, the language, the architecture, and the culture of Luxembourg today, just as the country's tormented past is recalled by the remains of the great fortress around which the capital city grew. Yet remark-

Luxembourg's own Moselle wines have a devoted following in the Grand Duchy and neighboring countries—a bottle of Riesling is a must with virtually every meal.



ably, considering the visitations of history and a population of only 400,000, Luxembourg has a distinctive national identity and takes a fierce pride in its position in modern Europe. The national motto, translated as “we want to stay what we are,” neatly limns a people who are prosperous but discreet, conservative but tolerant, and nationalist without the least trace of xenophobia.

The only thing that many Americans know of Luxembourg is its airport, which for more than forty years served as the stepping-off point for European tours thanks to the hugely popular cheap flights from the

United States. This service has now ceased, but this spring Luxembourg's national airline, Luxair, will initiate the first direct New York (Newark) to Luxembourg flights. Luxembourg has excellent road, rail, and air connections with the rest of Europe, but why rush off? A rich sampling of European scenery, food and drink, culture, and history is available within the borders of the Grand Duchy.

The landscape itself varies from the wooded hills of the Ardennes in the north to the “Land of the Red Earth” in the south where iron-ore deposits provided the basis for the country's steel industry. Between them, lies

the *Goodland* of spacious, well-kept farms and pastures. To the east, by the German border, is the abbey town of Echternach, famous for the unique and unforgettable dancing procession held every Whit Tuesday in honor of St. Willibrord, and the aptly named “Little Switzerland” with its rocky crags, wooded hills, and rushing streams. The fifth distinctive region is the Luxembourg Moselle in the southeast where the northernmost vineyards in Europe can be found and where a good deal of serious eating and drinking is done.

Throughout these regions is scattered a remarkable profusion of historical sites, castles and manors and many excellent Roman ruins. The medieval chateau at Vianden, the ancient cradle of the Grand Ducal dynasty, is said to be the most spectacular castle west of the Rhine. At Clervaux, the imposing twelfth century castle was the setting for the photographic exhibition *The Family of Man* by Edward Steichen. At Esch-sur-Sure the river forms a natural moat around the fortress village to create one of the most photographed and painted images of Luxembourg.

So compact is Luxembourg that many of these sights can be visited in a single day by a cyclist using the *radwanderwege* (traffic-protected bicycle paths) that lace the country. Others prefer walking. There are about 3,000 miles of marked hiking trails in Luxembourg, cutting through forests, across fields, down village streets, and along riverbanks in what adds up to one of the most concentrated hiking networks in Europe.

The castles, hills, and rivers of Luxembourg have been memorably enshrined in paintings by English artist Joseph Turner (1775–1851) and others, but to many modern artists, the outstanding spectacle is that of the city of Luxembourg itself with its deep ravines, rocky outcrops, and crenelated fortifications.

Cities don't come much more storybook in their looks than this. The Old

City—built on the site of what was once the most impregnable fortress in Europe, “the Gibraltar of the North”—is classified by UNESCO as a World Culture Heritage Site. A grid of vertigo-inducing bridges and viaducts links it to newer areas such as the Kirschberg plateau—home to banks, television companies, and European Union institutions, including the European Court of Justice.

Nowhere in Luxembourg is much more than an hour's drive from the capital, and that includes access to excellent golf courses and facilities for rock-climbing, canoeing, surfing, fishing, tennis, and riding.

Nightlife is limited in the city but so is crime. Shopping? Luxembourg is not, frankly, the bargain basement of Europe, but the internationally known porcelain of Villeroy and Boch can be bought cheaply directly from the factory outlet. Luxembourg's fiery fruit liqueurs like Quetsch and Williams are popular take-home gifts.

For many visitors, Luxembourg is above all a place where one can eat delectably and copiously. Try the national dish of *judd mat gaardebou'nen* (pork and beans as you've never had them). Other traditional dishes include *treipen* (a mixture of ground pigs' offal, blood, and vegetables served in the form of sausage rings) and *haam am hee* (ham cooked in hay). Luxembourg's own Moselle wines have a devoted following in the Grand Duchy and neighboring countries—a bottle of Riesling is a must with virtually every meal.

Visit the Grund or Clausen quarters of the city for a meal or *digestif*. Then behave yourself and go to bed early and safely, as the locals do. Yes, there is a casino, and yes, you can spend money in the city of Luxembourg if you want, but the main charms of this pocket territory come free. All you need is a healthy pair of legs and a keen eye.

You can find more information about Luxembourg at www.visitluxembourg.com. ☺

ISLAND OF CALM

BOASTS LIVELY ACTIVITIES



The beach at Port de Soller is protected from the ocean by gigantic rocks.

Mallorca:
a paradise
for sailors
and
golfers

By Robert J.
Guttman

“S on Sant Joan Airport in Palma, the capital of Mallorca, is the busiest airport in Europe in peak time. Nearly 18 million passengers pass through the airport with 70 percent of the passengers traveling from May to October,” comments Carlos Bravo, Span Air’s director general.

Arriving in Mallorca at the huge, shiny new airport near the capital city of Palma, you feel as if you are in a European metropolis rather than on a small island in the Mediterranean. Indeed, Mallorca is seen as heaven on earth by many Europeans, especially the Germans and the British, who together account for most of the island’s visitors. Vacationers from northern Europe also make their way quite frequently to this, the largest of the Balearic Islands (Menorca and Ibiza are the smaller sister islands nearby), which incidentally can claim 300 days of sunshine and a temperate climate of light breezes and gorgeous blue and green water.

Driving into Palma from the airport, first-time visitors might feel as though they have landed in the Netherlands by mistake, as they pass hundreds of windmills and windwheels dotting the stunning countryside. In years past, these were used to pump water or to grind corn. While few are still being used for their original purpose, they make for what the locals describe as an “unusual reception committee” to the island.

Mallorca welcomes all types of visitors from the mass tour groups from the United Kingdom to the nouveau riche of Germany to jet-set authors and artists from around the world who have made Mallorca one of the

"Mallorca is rapidly changing its image. It is not a place for retired people anymore. It is the 'in' place for thirty- to sixty-year-olds looking for an upscale vacation."



The Arabella Sheraton Golf Hotel Son Vida is one of the island's most popular resorts.

most famous islands on the planet.

Spain's King Juan Carlos maintains his summer residence surrounded by foreboding walls in Palma. Supermodel Claudia Schiffer's large residence on a hill overlooks the sea, and actor Michael Douglas once had a vacation home here. British billionaire and entrepreneur Richard Branson has bought the luxury La Residencia hotel in Deia and is contemplating building another super luxury resort on the island in the near future.

Mallorca, with its majestically rugged coastline, has played host to a number of well-known Europeans from its earliest days. French novelist

and baroness George Sand and Polish composer Frederic Chopin spent the winter of 1838-39 together in Valldemossa. While Chopin was composing some of his better-known preludes and nocturnes, Ms. Sand wrote a book entitled *A Winter in Mallorca*. "When I'm plunged into ennui by the sight of the mud and fog of Paris," she wrote, "I close my eyes and see once more, as in a dream, that verdant mountain, those bare rocks, and that solitary palm tree outlined against a distant, rose-colored sky."

In the last century Archduke Louis Salvatoré of Austria acquired extensive property on the island near Deia and wrote what has been described as an "ambitious encyclopedia" entitled *The Balearic Islands*. The English author Robert Graves, who wrote *I, Claudius*, also made Deia his home

for many years in the 1800s.

The island offers plenty of relics from its rich past for history buffs to explore. An impressive Gothic cathedral built during the thirteenth and fourteenth centuries dominates downtown Palma. The grounds of the circular Bellver Castle provide a spectacular view of Palma Bay, and the Pilar and Joan Miro Foundation museum, features more than one hundred of the famous twentieth-century artist's works. However, most tourists visit Mallorca for the ever-present sun and the beaches.

A particularly favorite pastime is searching the island's rocky coastline for your own private beach. Some of these hidden beaches may take quite a while to find because of the steep trails on this mountainous island, but it is well worth the effort to discover your own private inlet of sparkling blue-green waters.

For travelers who prefer a more populated scene, Illetes is probably the best beach on the Bay of Palma. The bay itself is dominated by hundreds of yachts and sailboats. For anyone who loves to sail, Mallorca has to be the sailing capital of Europe in the summertime.

The beach at Port de Soller in the northeast part of the island is protected from the ocean by gigantic rocks, which make for a perfect postcard view. To get from the town of Soller to the nearby port, travelers should take the old-fashioned tram that slowly winds its way down the mountainous route to the beautiful bay.

The peninsula of Formentor, which juts out into the sea at the northernmost part of the island, is one of the prettiest spots on Mallorca. The water seems to be constantly changing colors as you stare down at this marvelous panorama.

While most visitors to the island (60 percent are from Germany, 20 percent British, and only 3 percent from the United States) spend the majority of their time in and around Palma, travelers are increasingly spending time in the island's interior. Away from the crowds, Mallorca's interior boasts gentle landscapes and a sense of tranquility. Writer Santiago Rusinol captured this theme in the title of one of his works, referring to Mallorca as *La Isla de la Calma* (Island of Calm).

While water sports dominate along the coastal areas, golf is most certainly the sport of choice in the interior. Mallorca's courses range from par threes for beginners to championship levels for advanced golfers. The island hosts a number of tournaments each year, including the Spanish Professional Championship.

Tourism continues to grow and has replaced agriculture and maritime activities as the island's largest employer. Christian Neukom, director of properties for German-based Arabella hotels, says, "Mallorca is rapidly changing its image. It is not a place for retired people anymore. It is the 'in' place for thirty to sixty-year-olds looking for an upscale vacation."

Although visitors will find both English and Spanish spoken widely, like Barcelona, only a half-hour flight away, the language of the Balearic Islands is Catalan.

As George Sand wrote in the mid-1800s, describing the landscape around Valldemossa, "Never have I seen a place so delightful." Her words still define the island of Mallorca today. ☺

Robert J. Guttman is EUROPE's editor-in-chief.

A visit to the historic battlefield at Waterloo offers a sweeping view of the countryside where Napoleon suffered his final defeat on June 18, 1815.

MINERAL SPRINGS, FINE BREWS, IDYLIC HOTELS

Genval:
drinking in
Belgium's
historic
countryside

By Kenneth C.
Danforth


The first country I ever saw in Europe was Belgium. As I peered through the porthole beside my berth on an American freighter, my ocean-weary eyes were rewarded with a view of cows grazing beside the river Scheldt. We were headed upstream toward Antwerp. We dozen passengers on the old Victory ship were overjoyed to see the green land, to feel the water beneath our hull flowing so placidly. We'd been at sea for ten wave-bucking days, which had offered us, altogether, only ten minutes of sunshine.

After we docked at Antwerp, I boarded a train for Brussels, where I spent my first European night in a big, clean, gloomy hotel on Place de Brouckère. It didn't cost much; in 1956, everything in Europe was cheap, even to a student.

From time to time over the next forty years, whenever I got to return to Brussels on a journalist's expense account, I moved up through the quality rankings to better and better hotels. Finally, about three years

ago, I checked into the Royal Windsor and knew that this was as far upscale as I was going to go in Brussels. Everything about the hotel was delightful—its location a short walk from Grand Place and the Central Station, the decor, the food, the friendly and attentive management. I returned recently and found that my earlier impressions were more than justified.

And yet, although I always enjoyed the city, somehow I yearned for a place to stay



that would combine country ambience with a fairly easy commute to the city. Grand Place and the parks and tree-lined neighborhoods are wonderful, and the restaurants are a gourmet's Elysium. I like Antwerp and, of course, Brugge, but they are too distant for one trying to do business in the capital. And the postwar architecture of Brussels, unfortunately, has gone too far toward gigantism and sameness.

Last winter, when I was planning an extended European journey that would carry me from the Low Countries to the Balkans, a friend told me I ought to try one of the peaceful hotels out in the Brabant countryside near Genval. The four he described were only a half-hour drive from the hurly-burly of Brussels and offered a refuge from the city's cacophony. (Two trains per hour offer an even quicker transit.) Furthermore, he assured me, I could dine superbly out near the good earth's bounty.

He didn't say anything about drinks, but he did refer to the group as "Martin's Hotels." If he had said John Martin's, I might have put two and two together faster. I was already a devotee of

the pale ale of that name and, though I had assumed it was an English brew, I had long thought it worthy of the company it kept, that is, Belgian beers, arguably the best in the world. (More on John Martin, brewer and hotelier, later.)

Acting on my friend's advice, one fine April day I stepped out of a car at the entrance to the Château du Lac. For a few moments, I couldn't decide where to rest my eyes—on the lovely little lake glimmering just beyond a well-rolled bowling green or on the hotel itself, a Cistercian confection of ivy-clad white turrets and arched windows.

The lake would have to wait while I checked in and put away my luggage. It had to wait longer than I had anticipated. My room was so delightful that I actually enjoyed unpacking as I took in ever more details of the decorations. I couldn't possibly describe the shape of the room, but all of its nooks and

angles came together in geometric harmony. My windows offered two different views of the lake. The marble bathroom featured a huge whirlpool tub.

But twilight was coming on, and I wanted to walk around the lake before dinner. Ducks cruised soundlessly across the still water while songbirds chirped their Angelus from a hundred branches. The two-and-a-half-mile path around the shore somehow appealed to the stroller in me rather than the runner. I didn't want to disturb the birds. Even at a leisurely pace, I soon developed a good appetite, a condition that finds ample reward all over Belgium.

The Château du Lac is home to a two-star restaurant, Le Trèfle à 4. As *Michelin* says, such a kitchen is "worth a detour." Sad to say, I had not planned ahead. I do not know what I missed that evening, but I do know that I enjoyed an excellent dinner in the Kingfisher, the hotel's airy lounge bar. There I was able to sample a few of the sturdy beers and ales with which owner John Martin had supplied his taproom.

A taste for superb brews served me well at tiffin the following day, when I hitched a ride over to the Grand Hotel Waterloo, one of the four Martin's Hotels. (The others, the Château du Lac, Le Manoir du Lac, and Le Lido, are near the lake at Genval.) I met Mr. Martin beneath the vaulted brick ceiling of La Sucrerie, a splendidly restored sugar refinery that forms the core of the hotel.

John C. Martin is an amiable, bearded Englishman who has lived most of his life in Belgium. He possesses three attributes that have made him successful in the hotel and beverage business—imagination, perspicacity, and money. He is the third in a line of John Martins who apparently enjoyed the same virtues. The first one, a brewmaster, crossed the North Sea in 1909 and started importing English beers and producing lemonades. Three years later, he negotiated contracts with Schweppes and Guinness. Then, he developed his own Martin's Pale Ale and Gordon Highland Scotch Ale. The foundation of the Martin enterprise was firmly set.

But, perfectionist that he was, the first John Martin decried the increasing degeneration of the water around

Antwerp. After a wide-ranging search for pure water, in 1934 he found just what he needed, three copious and pristine springs near Genval. The mineral springs—Bonne Fontaine, Argentine, and Geneviève—were on the extensive grounds of a dilapidated château. He converted the old building into a bottling plant, as which it continued until 1981, when it metamorphosed into a beautiful hotel.

In the Martin family epic, pure spring water, quality beverages, and small deluxe hotels have become so thoroughly interlocked that, like a tripod of muskets, if one were removed the others might topple. Add tasteful historic preservation to the mix, and you have the Martin family's recipe for success.

With a judicious sip of Martin's Pale Ale, John C. Martin looked around him at the mellow red bricks of La Sucrerie. "The sugar mill was in operation for only a couple of days," he said. "They didn't have any water!" Recognizing opportunity where others had discerned only ruin, Martin took a leaf from his family's history and transformed yet another ancient derelict into an alluring hostelry.

Guests at the Grand Hotel Waterloo and La Sucrerie have only a short distance to go to see the great battlefield where Napoleon met his ruin. I visited the village that gave the world a new synonym for defeat. For the British, Dutch, Belgian, and German alliance, of course, Waterloo was a magnificent victory. The battle ended twenty-two years of war and ticketed Napoleon for his final exile in Saint Helena.

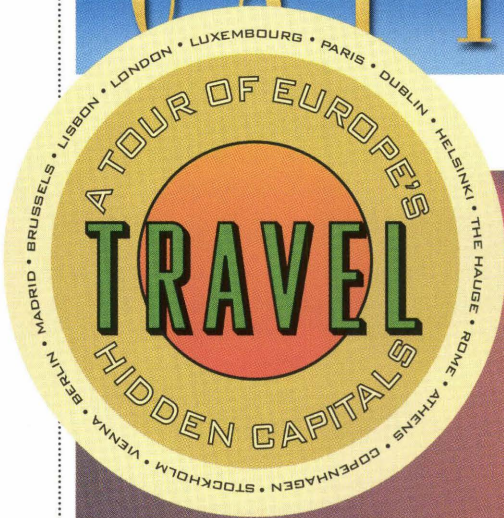
The old coaching inn that served as Wellington's headquarters is well worth a visit, as is a climb to the top of Lion Hill, from which lofty vantage I could gaze out across the quiet farmland and try to imagine the cries and thunder of June 18, 1815.

As I returned to the Château du Lac for dinner, I was happy enough to be living at a time when France, Britain, and Belgium were at peace. I could walk around Lake Genval at sunset without the fear of cannonballs, swim in the hotel's indoor pool, and savor the chill piquancy of a John Martin's Special. ☺

Kenneth Danforth profiled Zagreb in EUROPE's November issue.

CAPITALS

AN OVERVIEW OF
CURRENT AFFAIRS
IN EUROPE'S
CAPITALS



STOCKHOLM

SODER'S ISLAND MENTALITY

They have a saying on the south side of Stockholm: Soder is Soder.

In other words, Soder, short for the island of Sodermalm, goes its own way. People who live here even talk differently, speaking what's known as *Eken-sprak*. More than just a dialect, it incorporates unique words and slang, a bit like rhyming cockney.

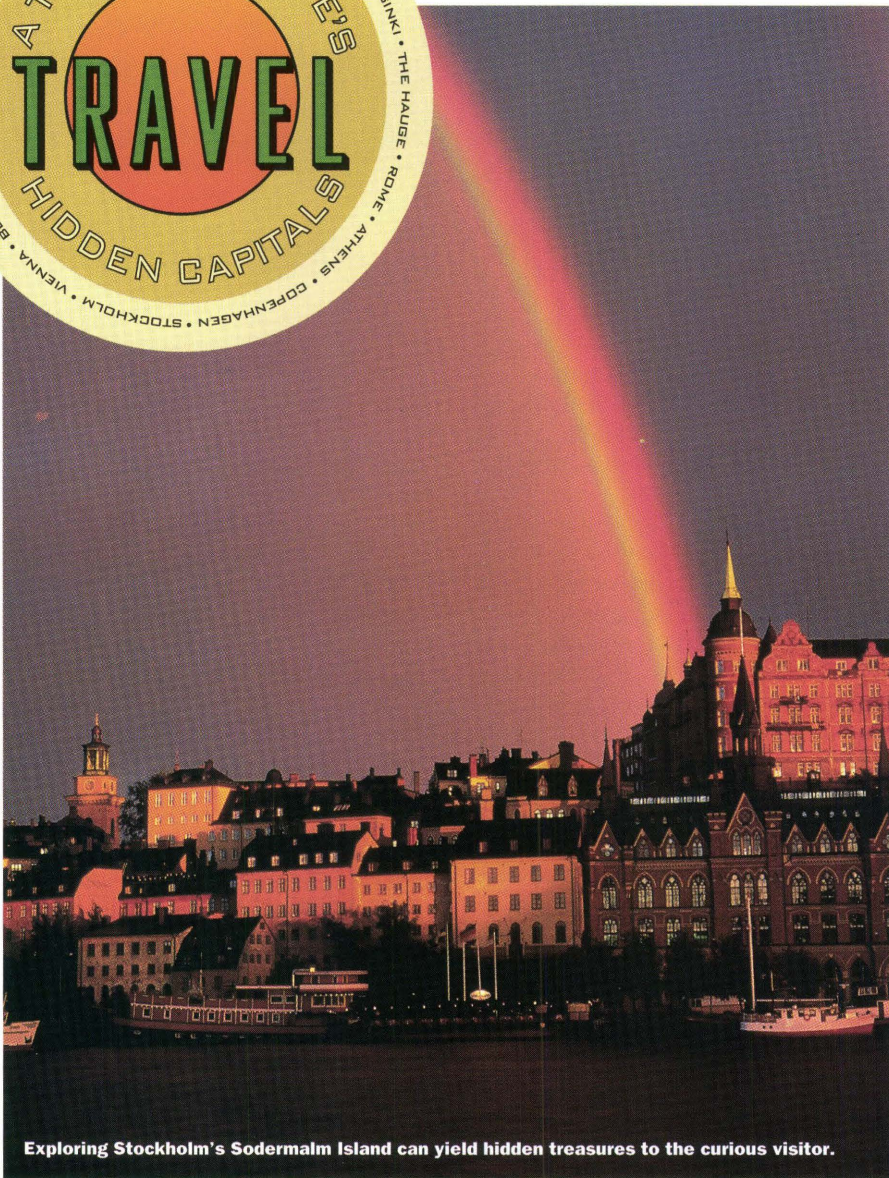
You won't find such impressive tourists sights as the Royal Palace or the National Museum here. Instead, Soder offers a whole different perspective on the city, although it's only ten minutes by subway from the center of downtown Stockholm.

The biggest of Stockholm's islands, geographically and by population, Soder was originally the working-class section of the city. Today, the working-class flavor remains, although Soder has also become a trendy (and pricey) place to live.

Home to a multitude of authors, musicians, and artists, Soder's best-known citizen may be Greta Garbo, who grew up as Greta Gustafsson on Katarina Bangatan.

Soder, however, is also one of the most multicultural parts of the city. It's home to Stockholm's Orthodox Jewish congregation and will soon have the city's first mosque. You'll also find the Lutheran Hogalid Kyrka here, the only twin-towered church in the city.

Soder's northern border is Slussen, named for the *sluss*, or locks, that were Stockholm's original gateway to the Baltic. On a clear day, you can see across the water to the island of Djurgarden, home of the Vasa ship museum, and when you've finished walking around Soder, you can come back and take the ferry over there. You'll also see the red and white Viking line boats at their Soder terminal. If you happen to be at Slussen around six in the evening, take a few minutes to watch the boat slide majestically



Exploring Stockholm's Sodermalm Island can yield hidden treasures to the curious visitor.

There is no thrill quite like discovering a city's hidden treasures. For some travelers, finding the secluded public garden bursting with tulips or the tiny pub with the locally brewed beer or the ethnic restaurant on the edge of town—none mentioned in the guidebooks nor shown on the tourist maps—is in fact the whole reason for traveling. Sometimes such gems are hidden in plain sight among the familiar tourist haunts. Sometimes, even if you know about an “undiscovered” place, it can prove elusive, perhaps because the locals don't want it overrun with tourists. Other times, you stumble on a treasure by chance, and although you might not be able to find the spot again, you never forget it.

As a special service to our readers, we asked our Capitals correspondents to reveal some of their cities' hidden treasures. However, you just might want to keep them to yourself.

from the dock on its way to Helsinki.

At Ryssgarden square, try a fried Baltic herring sandwich (just follow the smell to the kiosk). Then pay a visit to the *Stadmusset* (City Museum), located directly on the square. Recently renovated, the museum features exhibits showing the city's development, with wonderful photos from the 1800s. Local artists and photographers are also highlighted.

From the museum, walk up Gotgatan to Hokensgatan. Climb the hill—a good test of your aerobic fitness—to the public square Mosebacke Torg where sits the venerable Mosebacke Etablissement. Part restaurant, part pub, and part cabaret, Mosebacke's roots go back to 1840.

On summer evenings, there's dancing on the terrace, and admission is usually free. Even if you've got two left feet, step in and check out the view. All of Stockholm is spread out below you. Next door to Mosebacke is Sodra Teatern, a theater that occasionally features performances in English.

If the sights of Soder thus far have made you thirsty, head back to Gotgatan. There are more bars on this main thoroughfare than on any other street in Stockholm. If you visit here at night, though, be warned: It's not for the sedate.

From Gotgatan, you can head north to Hornsgatan, another main artery, which claims to be Stockholm's busiest shopping street. Much of what's here is for the neighborhood—banks, supermarkets, hardware stores, and the like—but you can also find Swedish crystal and handicrafts.

Follow Hornsgatan to Ringvagen and from there you'll reach Tantolunden, one of Stockholm's biggest parks. If you're lucky, blues singer Roffe Wickstrom (who calls Soder his home) will be performing at Tanto Wardshus. If you don't believe Swedish is the language of the blues, Wickstrom's gravely voice may convert you.

From Tantolunden, it's just a short walk east to Soderhallen, a combination shopping mall and food market. Be sure to check out Swedish specialties, such as dried reindeer and cloudberry preserves.

Aside from the small restaurants, pizzerias, and fast-food places all over Soder, there are some very fine restaurants.

If you're not on a budget or a diet, try Gasslingen on Brannkyrkagatan. A small, intimate place, it's well off the tourist track but well known to Stockholm gourmets. The food is more international than Swedish but impeccably

prepared and served. The after-dinner cheeses are not to be missed.

On a warm summer day, head toward Soder Malarstrand, the road that runs along Lake Malaren, Sweden's third biggest. Take a break at one of the boat bar-restaurants docked along the quay and enjoy the view across the water of City Hall with its bright golden three-crown cap, Sweden's national symbol, or wave to the sailboats gliding by.

It used to be that people living in other parts of Stockholm turned up their noses at the mention of Soder and proudly proclaimed that they "never went south of Slussen." Today, it may be more a question of whether Soderites, locally referred to as *Soderbo*, choose to let in the rest of Stockholm.

But as a Soderbo myself, I can promise that *you* will get a very warm welcome.

—Ariane Sains

VIENNA

ENCHANTED BY THE BUTTERFLY HOUSE

As the gray and gloom of winter drags on, an oasis with steamy temperatures, lush foliage, and colorful butterflies can be found in the heart of Vienna. The recently opened Schmetterlinghaus (Butterfly House) adjacent to the Hofburg Palace offers up a taste of the tropics even in the coldest of weather.

Inside the Butterfly House, which had been used as a greenhouse by the long-ruling Hapsburg family, scores of brightly colored butterflies flutter through the air or cling to the leaves of tropical trees and plants. Surprisingly, the greenhouse also is studded with bouquets of silk flowers. Sprayed with a honey coating, the fake flowers are a favorite place for the butterflies to perch and feed.

About 300 butterflies of forty different varieties can be found flitting through the one thousand-square-foot greenhouse at any one time. However, finding them through the foliage can start to make you feel like you're playing a children's magazine game—trying to find the objects hidden somewhere in the drawing. The colorful creatures may be tucked on the underside of a leaf or perched on the upper reaches of the greenhouse glass.

In a Disneyesque touch, visitors can climb up a hollowed-out artificial tree for

a bird's eye view of the beauties. Another hollowed-out tree with a plexiglass front shows dozens of green and brown pupae in different stages of development attached to branches of trees.

The Butterfly House hosts everything from bright blue morphos from the tropics to black and yellow striped zebras from South and Central America to stately brown and black monarchs from North America. All have been purchased at butterfly farms from around the world, and none are endangered species.

Many of the butterflies linger near two artificial waterfalls constructed at the rear of the greenhouse, feeding from silk plants or clinging to the leaves of ficus, bamboo, hibiscus, and other tropical plants. Tiny birds feed in the corner near one waterfall. An albino frog hides under a log in a pool of water as tiny goldfish swim past.

Unlike many tourist sites where youngsters quickly tire, the Butterfly House is a natural draw for children, who are easily enchanted by the colorful creatures.

The Butterfly House is only a small part of the vast Hofburg Palace complex. Just a few steps away is the sprawling palace itself, with more than 2,600 rooms, which served as seat of the Hapsburg Empire for centuries. Tours of the Imperial Apartments, which still reflect the taste of Empress Elisabeth, and the Imperial Treasury are perennial favorites of Vienna's visitors.

Two Vienna institutions—the Spanish Riding School and the Vienna Boys' Choir—perform within the Hofburg complex. The Museum of Ethnology, the Ephesos Museum, and the Austrian National Library also are housed within its walls.

—Susan Ladika

BERLIN

THE MITTE'S CULINARY COMEBACK

Since the fall of the Berlin Wall in 1989, the Mitte district has gradually come back to life. After World War II, the city's oldest district and once Berlin's cultural and political center, the Mitte, fell in the communist section. The surrounding area became a veritable urban wasteland dotted with various ugly government buildings.

Today, Berlin Mitte is making a comeback with a new focus on renova-

tion. A favorite spot for visitors is the Gendarmenmarkt, the square featuring a pair of eighteenth-century cathedrals. Sandwiched between the cathedrals is Berlin architect Karl Friedrich Schinkel's beautiful nineteenth-century playhouse, now used as a concert hall, which draws

guests may dine outdoors in the hotel's cozy garden.

The Four Seasons hotel partly extends to the site of the once-famous Lutter & Wegner, which was demolished after World War II. Plans to re-create the restaurant at its original location were



A mournful statue in Mitte Berlin's Gendarmenmarkt has seen this once glamorous neighborhood slowly revived.

music lovers to the district in the evenings.

Until recently, the visitor's problem was what to do after attending a concert. All the good restaurants were generally located in the western part of the city. Only a few existed around the square or on the nearby boulevards Friedrichstrasse and Unter den Linden. In fact, Berlin Mitte was a culinary desert. This situation has changed to the delight of Berliners and visitors alike with considerable expansions in both the selection and quality of dining establishments.

The opening of a luxury Four Seasons hotel on Charlottenstrasse contributed mightily to the improving the landscape. Its modern exterior blends well with the surrounding architecture of Gendarmenmarkt and Unter den Linden, and inside, the lobby is a swirl of marble and antiques. However, the hotel's best feature—as far as hungry concertgoers are concerned—is its first-class restaurant, whose chef, Wolfgang von Wiese, is an Austrian who cooks in the Italian style. He serves excellent risottos and pasta dishes, although suckling pig remains his trademark dish. In the summer,

abandoned in favor of opening a new Lutter & Wegner at the nearby corner of Charlottenstrasse and Taubenstrasse. The new location, however, is on the site of the former home of E.T.A. Hoffmann, the writer, composer, and lawyer who had made the restaurant famous in the early nineteenth century when it was a meeting place of artists, poets, and other celebrities.

The new version features an Austrian chef—a popular trend among Mitte kitchens—and his cuisine strongly reflects his background. His juicy Wiener schnitzels are excellent.

VAU, a restaurant on Jaegerstrasse, is the latest venture of Anton Viehhaeuser— you guessed it, another Austrian—who also owns Le Canard in Hamburg. In the summer, you can enjoy his culinary treats in the courtyard.

Serious feasting aside, those seeking only post-concert snacks should make their way to Leopold, a new Bavarian brasserie on Kronenstrasse. There patrons can order their Bratwurst by the meter—if they have the stomach of a Bavarian.

—Wanda Menke-Gluckert

A PAINTER'S HOUSE

Art lovers are spoiled for choice when visiting Madrid. In the space of several hours, one can view the old masters at the Prado; works from the thirteenth century to Klee, Rauschenburg, and Hopper at the Thyssen-Bornemisza Museum; and modern masterpieces at the Reina Sofia. And all these museums are within a block or so of one another.

There is, however, another must-see collection in the Spanish capital. Seldom visited by foreigners but well worth the short subway journey from the city center to Paseo General Martinez Campos are Joaquin Sorolla's turn-of-the-century works, which are housed in the artist's former home.

Sorolla was born in the Mediterranean city of Valencia in 1863. Orphaned at an early age, he was raised by an aunt and uncle who steered him toward painting, and he enrolled at the city's school of fine arts when he was fifteen. Three years later, Sorolla left for Madrid and eventual success in the wider world, but the unique Mediterranean light and scenes of his seaside hometown influenced his work for the rest of his life.

Passing through the museum garden gate, a visitor first encounters a lovely, Andalusian-style garden with fountains, tiled watercourses, and luxurious plants. Inside the house, the first room one enters is where Sorolla prepared his frames, canvases, and other materials. It now houses full-color preparatory sketches for his famous paintings depicting Spain's regions. The Hispanic Society of New York commissioned the series in 1911 for its library.

An ancient Gallegan with his bagpipe, a family of Basque farmers, and other peasants and working people in regional costumes from around the country are represented in the huge paintings hung here. The artist's interest in traditional folk crafts is evident in his collection of Spanish jewelry displayed under glass on the center table.

The next room shows those paintings for which Sorolla is probably most noted—his beach and seaside scenes. Young boys play with toy sailboats in the surf; women lounge on the sand. One of the canvases here—*Despues del Baño*—demonstrates the artist's skill at

capturing light and shadow as sunlight dapples and plays around two women in a seashore cabin dressing after a swim.

Family portraits, self-portraits, and scenes of gardens are displayed in Sorolla's studio with its skylight. A personal touch here are his collections of religious relics and ceramics, as well as his brushes, easels, and used tubes of oil paints stashed in a corner, seemingly awaiting the artist's return.

Through the connecting hallway are the salon and dining room, still furnished as the family left it. Sorolla died in 1923, famous in Europe and the United States as one of Spain's most gifted painters.

If the end of your visit coincides with lunchtime, exit the museum gate and turn right, then walk several blocks along Paseo General Martínez Campos to the Meson Jeromino restaurant at number 19. This popular eatery has a full range of tapas at the bar and an extensive *menu del día* for less than \$7 with dishes like paella, salad, or stewed lentils for starters and ox tail soup, fried sole, or lamb chops for the second course. The price includes wine or water, bread, dessert, and coffee.

The Museo Sorolla is located at 37 Paseo General Martínez Campos, just a short stroll from the Ruben Dario subway station. Open Tuesday to Saturday 10 am to 3 pm, Sundays and holidays 10 am to 2 pm, closed Mondays. Admission is 400 pesetas (about \$3).

—Benjamin Jones

BRUSSELS

THE MUSICAL MUSEUM

The leading architect in the art nouveau movement at the end of the last century was the Belgian, Victor Horta (1861–1947). His masterpiece, the House of the People, built in Brussels in 1899, was shamefully dismantled in 1965 to make way for an undistinguished office building, but some of the most admired private houses in the Belgian capital, as well as the Palais des Beaux Arts and the central railway station, remain as a testament to his genius.

One of his most extravagant creations, also dating from 1899, was the Old England department store, just off the Place Royale. This flamboyant glass and wrought iron structure was aban-

doned and left to deteriorate a generation ago, but it has now been lovingly and painstakingly restored to house the previously much neglected Museum of Musical Instruments. This extraordinary collection had been languishing in quite inadequate premises in the nearby Place du Petit Sablon, where there was room to display less than a tenth of its 6,000 exhibits.

Now the collection, which, with those of Paris and New York, is one of the most important in the world, can be shown in all its glory. Founded in 1877, the museum began with seventy-four ancient and exotic instruments acquired by the first director of the Brussels Conservatoire, to which were added ninety-seven Indian instruments given to the Belgian king by a rajah.

The curators added a large number of instruments from the Middle Ages and the Renaissance as well as string and wind instruments from the seventeenth and eighteenth centuries, including a rich collection of violins headed by an Amati dating from 1611. The museum acquired organs and pianos of all kinds, and in 1887 purchased one of the first gamelins from Java. Not surprisingly, the collection contains an unrivalled group of early saxophones, the instrument invented by the Belgian musician Adolphe Sax (1815–94).

The Old England building, which includes a concert hall, educational service, library, studios, and laboratories, will be opened within the next few months and should become a significant focus for the musical life of the city. The top floor is already open to the public and offers a splendid restaurant with better panoramic views of the whole city, by day or night, than from any other vantage point in Brussels.

—Dick Leonard

LISBON

AFRICAN CULTURE EMERGING

For many, the word Lisbon conjures up images of yellow trams rattling up hills, of the Santa Justa elevator—recognizably designed by a disciple of Gustave Eiffel of Parisian fame—or of hearty food and delicious wine served in the city's many excellent small restaurants.

But even regular visitors may not know about another aspect of Lisbon that makes it special and that is blossoming. The city has one of the most ac-

cessible African cultural scenes in Europe, ranging from food to art and music.

The Ritz Club, a faded but elegant restaurant and dancehall with sweeping wooden staircases, has long been a Lisbon landmark. Just off the main downtown thoroughfare, the Avenida da Liberdade is still a great place to dance to live African music most Saturdays, but it now faces a host of challengers whose clientele has been swelled by migrant workers, immigrants, and refugees from former Portuguese colonies, such as Mozambique and Cape Verde.

One of the most popular is B. Leza, in a former palace off Conde Barão square. It's also a happy mix of restaurant and nightclub. Drinks edge out food as the evening wears on, and by 1 or 2 am on a Friday or Saturday, the place is packed with natty African couples and a sprinkling of non-Africans. The mood is upbeat, and you'll have no trouble finding a dance partner if you want one. That's if you can stand the smoke and heat.

If you want to try African food in a calmer atmosphere, don't worry. A few doors down from the church of São Cristovão, below Lisbon's Moorish castle, is a tiny Cape Verdian place that serves large portions of fish and meat dishes with *mandioc* flour, corn, or rice. If you go for dessert, you may need a glass of the house *aguardente* (brandy). By then, some of the owner's friends may turn up with guitars and start singing *mornas*, the mournful but pretty songs typical of the islands.

If that place is full—and it often is—ask to be directed to the Mozambican restaurant down the street, where the tables are just as ramshackle and the food as tasty.

As for arts and crafts, the exhibition space Oikos—run by a development charity—near Lisbon's cathedral, often puts on shows, with some exhibits for sale. It also stages concerts, with food from the relevant country on offer in the interval if you're lucky.

Nowadays, African crafts are also easy to pick up in Lisbon's famous "thieves' market," the Feira de Lada, held Tuesdays and Saturdays. You can find carvings of animals or humans—some not much bigger than a toothpick to others that are life-size—at prices that depend on the work involved and your bargaining ability.

—Alison Roberts

LONDON

SOUTHERN HOSPITALITY

I love the South Bank of the river Thames with its world-class theater and music centers, its traffic-free river walk and magnificent views of London north of the river. It is best of all at night when the lights come on and it looks for all the world like a fairyland. I should know. I live there.

There is nowhere in London to compare with the South Bank, and yet, it is not really on the tourist map. Virtually all of the traditional attractions, such as Pic-

Caribbean, Latin American, and Indian music reverberate along the riverbank, and the delicious smells of exotic foods permeate the air. Good-natured crowds of families and people of every background dance and sway to the pulsating rhythms.

Of course, the South Bank is best known as home to some of London's most important centers for arts and culture. These include the Royal Festival Hall, a major center for classical music; the National Theater, one of the world's largest and most advanced theater complexes; the National Film Theater, with more than 2,000 screenings and film-re-

Houses of Parliament and Big Ben. Nearby, you will see where work has started on the Millennium Wheel, the world's biggest Ferris wheel that will be built overhanging the Thames. Walking eastward, you can admire the buildings north of the river, such as the magnificent Saint Paul's Cathedral.

But it's not just culture, art, and sight-seeing; there are also good places to stop and eat. The People's Palace at the Festival Hall offers a combination of good food and a wonderful view. For something more modest, try the restaurant and cafe at the nearby National Film Theater.

The National Theater also has a range of cafes and restaurants from modest to pricey.

Or you could resume your walk, and in a few minutes you will reach Gabriel's Wharf, which has three decent restaurants, a popular pub, and a creperie.

While there you can purchase some jewelry, hand-painted glass, or even hire a bicycle for a ride along the river.

Next to Gabriel's Wharf is the Oxo Tower with many arts and crafts studios and a top floor restaurant and bistro with one of the most stunning views of London. The food is expensive but good. However, if you don't want to eat, you can slip in for a cocktail or a coffee on the outdoor balcony and gaze over all of London north of the river.

This is especially magical toward dusk as the sky slowly runs through a variety of shades from blue through plum to black. At the same time the street lights and the illuminations of the buildings grow brighter, creating a vision to transport you out of this world.

—David Lennon



At the reconstructed Globe Theater in London, Shakespeare's plays are performed in their original setting.

cadilly Circus, Buckingham Palace, and the Tower of London, lie north of the Thames.

Most lunch times and virtually all day and well into the evening in summer, the South Bank teems with life. Local residents, office workers, and people on their way to and from the theater or a concert pause at the outdoor book market or listen to street entertainers, while joggers, cyclists, and skateboarders weave in and out.

During the summer, the Coin Street Festival provides three months of outdoor entertainment, including many weekend ethnic festivals. Then

lated events each year; as well as the Museum of the Moving Image and the Hayward Art Gallery.

Further along the river walk, you find the reconstructed Globe Theater, which offers performances of Shakespeare's plays in their original setting.

Alongside the Globe, work is progressing on the new Tate Gallery of Modern Art, which is being constructed inside what was once the Bankside electricity generating station.

The South Bank is a great place to stroll along the river, especially in the evening. Start at Westminster Bridge and its wonderful view of the illuminated

LUXEMBOURG

CELEBRATING THE LIBERATORS

You won't find it highlighted in the tourism brochures because not a lot of people want to spend part of their holiday visiting a graveyard. However, the American Military Cemetery just outside the city of Luxembourg has a special kind of hold for Americans living in Europe and, increasingly, for visitors from the States. It's often said, and with much truth, that Luxembourgers have a special affection for Americans. This dignified and beautiful cemetery tells you why: 5,076 soldiers of the US Third Army are buried here, including one of

the most distinguished military leaders of the Second World War, General George S. Patton.

These men died liberating Luxembourg from the Nazis in 1944 and then, during the winter of 1944–45, crushed the German offensive in the Battle of the Bulge. Hitler had launched a desperate attack in the Ardennes in an attempt to reach the port of Antwerp in Belgium by crossing through the hilly northern part of Luxembourg. He was stopped by men of the 4th and 28th US Infantry divisions, the 9th US Armored Division, and General Patton's Third Army.

The gravesites at the cemetery at Hamm, a couple of miles from the Luxembourg city center, radiate out in a fan shape from a central chapel and monument. Nine plots are laid out in the arc of a circle. Two battle maps mounted on raised terraces between them describe the European campaign and the Battle of the Bulge and Rhineland campaigns.

Cemetery Superintendent Leland Atkinson estimates that some 75,000 people visit the cemetery every year, about half of them Americans. Many travel from US military bases in nearby Germany, but there are also several organized tours coming directly from the United States. Luxembourg is a favored starting point for people doing a European tour, and the cemetery, which lies between the city and the airport, is either the first or the last port-of-call for many of them. Many high-ranking military officers from NATO and diplomats linked to the European Union institutions attend formal ceremonies at the cemetery.

It was General Patton's wish that he be buried among his men, and his widow chose the Luxembourg site. The cemetery is now officially closed for burials though Mr. Atkinson says that if a soldier's body is discovered, even now, his family can choose to have it buried at Hamm.

The Hamm cemetery is a powerful reminder of the Luxembourgers' debt to America, but it is far from unique. Throughout this small country, tributes to the American fighting forces abound. Probably not a single village in northern Luxembourg is without a memorial of some kind, be it a statue of General Patton, a simple obelisk, or the shell of a burned out tank. In many parts of Luxembourg, the flag of the Stars and Stripes is more commonly seen than even the Luxembourgers' own flag. It's surely true that no European country has done more

to display its gratitude for American help during the war than Luxembourg.

Visitors can find museums commemorating the savage fighting that took place fifty-four years ago in the towns of Diekirch, Clervaux, Wiltz, and Ettelbruck. The museum at Diekirch in the north, about an hour's drive from Luxembourg city, in particular is considered a must for any visitor at all interested in the fateful military battles that determined the outcome of the war. The display includes a spectacular diorama of scenes from the winter of 1944–45. It is startling how this region of rolling wooded countryside remains largely unchanged in appearance over more than half a century later. The Diekirch museum is one of the biggest and best of all war museums in Europe. Not far away, the town of Ettelbruck has earned itself the nickname "Patton Town," boasting a museum devoted to the general (who was killed in a road accident in Luxembourg shortly after the end of the war) as well as a statue, a Patton tank, and a towering obelisk in tribute to the US soldiers who fell in the war.

You might think that all this is admirable but largely the concern of the older generations who themselves remember life in Luxembourg during the German occupation or whose parents suffered it firsthand. Yet so many young people turned up at a ceremony in 1995 marking the fiftieth anniversary of the Allied victory in the war that the main Luxembourg newspaper was moved to write, "For sure future generations will keep alive the lessons of history and the warm ties that exist between America and Luxembourg."

—Alan Osborn

PARIS

THE SECRET GARDENS

Paris is a city made for strolling. On foot, you can cross it in less than three hours and along the way discover sights that stay hidden from visitors on four wheels. Besides the overall harmony of its splendid architecture, the broad boulevards, and the Seine winding through its middle, Paris is a colorful patchwork of individual delights. A pervasive green motif is supplied by 400 squares, parks, and gardens scattered throughout the city, some written up in every tourist guide; some so secluded that not even Parisians know them well.

The two wooded parks that border Paris, the 2,224-acre Bois du Boulogne on its western edge and the equally vast Bois de Vincennes in the east end, fall into the first, highly-publicized category. Rare is the child living in or near the Paris capital that has not taken a boat along the "Enchanted River" in the Boulogne amusement park or visited the zoo in Vincennes. Yet even within these familiar, well-trodden surroundings, some more private places remain.

The one-hundred-year-old botanical gardens and greenhouses of Auteuil are one such surprise. Tucked into the southeastern corner of the Bois de Boulogne (Metro: Porte d'Auteuil), its fifteen acres are a living museum of horticulture, with a huge collection of rare and exotic plants, such as orchids, tropical ferns, cacti, and carnivorous plants. The splendid nineteenth-century glass-and-iron greenhouses that shelter them are the last of their kind built in France. Under the tall dome of the showpiece of them all, the majestic palm house, a lush tropical forest flourishes in the moist warmth, with Japanese carp swimming in a central pond and brilliantly colored birds flitting through the emerald growth.

At the opposite, northwestern end of the Bois de Boulogne (Metro: Pont de Neuilly) is a garden of a different nature, the sixty-acre Bagatelle, originally laid out around a small pleasure house (*bagatelle*) by the younger brother of Louis XVI. Parisians know it well, but it remains a special delight because of its prize attraction—one of the most breathtaking rose gardens in the world. Meticulously labeled and ordered by color, not a weed in sight, the roses are a dazzling, headily perfumed display of floral perfection in June and July. New varieties constantly join the other showstoppers—some a pure velvety black, others an astonishing lilac, each one a prize-winning specimen. When it is not rose season, the Bagatelle is resplendent with collections of other flowers, particularly in March and April, when tulips, daffodils, and narcissuses carpet the lawns.

Bercy (Metro: Bercy)—in the southeastern part of Paris that has been extensively, and expensively, redeveloped—recently acquired a new thirty-four-acre park just across the Seine from the much contested National Library of France. Nine theme gardens, including a scent garden, an orchard, and a vegetable garden, have been developed where a wine market and its warehouses once stood. A

canal, a lake, a vast lawn with century-old trees that have survived all the changes, the ruins of a small eighteenth century chateau, and various other picturesque touches complete a theatrical decor that fits remarkably well into its modern surroundings.

Another recently designed garden, which is one of the most unexpected sights in Paris, is the Atlantic Garden (Metro: Pasteur), suspended sixty feet above the Montparnasse railway station.



In the Atlantic Garden, a raised wooden “pier” crosses the greenery to create a seagoing atmosphere.

Named in honor of the high-speed, Atlantic-bound TGV trains that thunder below, the eight-and-a-half-acre garden is an astonishing oasis of state-of-the-art “nature by design.” Trees from both sides of the Atlantic Ocean border a central lawn that rises and falls in soft green waves. Foam-spraying fountains, promenade decks, the prevalence of white and blue, and a raised wooden “pier” crossing the greenery carry on the seagoing atmosphere.

Totally in contrast with the technical sophistication of the Atlantic Garden are two small patches of wilderness hidden deep in the heart of Paris—one at the foot of Père-Lachaise cemetery, the other on Montmartre. The first is called the Natural Garden (Metro: Alexandre-Dumas) but is gently kept in order to allow as many native wild plants to thrive there as possible. Falling leaves supply compost; no chemicals are used; and man only intervenes to keep the process of natural selection from choking out all but the strongest species. Truly *sauvage* is the completely untamed Saint-Vincent Garden (Metro: Lamarck-Caulaincourt) close to the museum of Old Montmartre. Here, it is every plant for itself, and hu-

mans are only allowed in on guided visits from April to October. In the riotous tangle, some unusual species for Paris have taken root, and small wildlife thrives. The little pond, for example, is home to a growing community of freshwater shrimp, water striders, and snails.

Hundreds of other public parks and gardens soften the urban landscape of Paris. In 1986, city hall created a “Paris Nature” department, which has done a wonderful job of creating new green spaces in Paris, of conserving those that already existed, and of making Parisians and visitors aware of the natural riches that exist in every one of the city’s twenty *arrondissements*. The city’s oldest tree, for example is a false acacia planted in 1601 in René-Viviani square (5th arrondissement); the tallest is a 135-foot plane tree on Avenue Foch (16th

arrondissement). For those willing to take the time, a stroll through Paris can become a voyage of discovery of natural charms that visitors in a hurry will never see. For information on the public parks and gardens of Paris call (33) 1 40 71 76 07.

—Ester Laushway

DUBLIN

LIFFEY LORE

Sharing the secrets of one’s capital city is a bit like being asked to divulge the memories of those first stirrings of teen love. It’s a small matter you prefer to keep, well, secret.

However, since I know it won’t go any further and you will respect my confidences, here’s my private list of favorite where-to-go and what-to-do in Dublin.

If you’ve been here before, you know it’s a bit like stepping back in time to the eighteenth century, with some immaculate Georgian squares and still-surviving fine buildings recalling a more elegant and leisurely era. These are interspersed with old and modern hotels and restaurants and some old and, regretfully, very modern bars.

It’s a small, cosmopolitan city—just more than a million people—that grew out of a Viking settlement, but the only trace of Viking Dublin to be found is in the National Museum and in the Viking Center in the older part of Dublin near Christchurch Cathedral.

The compact city center is easy to get around on foot. There are dozens of guided tours and well-marked tourist trails—plus ‘Georgian Dublin’, ‘Literary Dublin’, and perhaps inevitably, ‘Pub Tours’.

Taxis and old-style, horse-drawn cabs are reasonably priced, but if you feel adventurous and are armed with a good map and guidebook, it’s better to walk.

All you’ve got to remember is that the city is divided, north and south, by the river Liffey and linked by O’Connell Bridge, with most of the smart restaurants and shopping centers located on the southern side, particularly in the fashionable Grafton Street area and the little streets immediately surrounding it.

The Brown Thomas store in Grafton Street is one of the city’s most upmarket establishments, but my own favorite is Arnotts on Henry Street, on the unfashionable north side directly behind the historic General Post Office. Like the neighboring Clery’s department store, which faces the GPO, you can find anything you want here—and prices are generally much keener than across the river.

If you’re into old buildings, Dublin has plenty to offer. Trinity College, founded by Elizabeth I in 1592, houses Ireland’s largest collection of books and manuscripts, including the eighth century Book of Kells (a beautifully illustrated manuscript of the Gospels).

Despite the predominance of the Roman Catholic religion, Dublin doesn’t have a Roman Catholic Cathedral. Both St. Patrick’s and Christchurch Cathedrals are Protestant. St. Patrick’s, where Jonathan Swift ruled, is a fine building, but my favorite is the neighboring but slightly older Christchurch (1172 AD).

There are hundreds of hotels, ranging from the expensive Merrion, Westbury, Conrad, Berkeley Court, Fitzwilliam, and the grand old Shelbourne, to the popular Burlington, Jury’s, and Gresham. My choice is the Hibernian Hotel, a former nurses’ home, hidden behind Baggot Street in Eastmoreland Place. It’s quiet, elegantly furnished, and boasts a very fine restaurant.

In the past, Dublin restaurants had a

mixed reputation—good today, lousy tomorrow. But those days are long gone, and the quality and range of cafes and restaurants compare favorably with those in other major European capitals.

Chapter One, in the basement of the Dublin Writers Museum in Parnell Square, Thorntons on the Royal Canal, Le Coq Hardi in Pembroke Road, and the Old Dublin in Francis Street, are four fine-but-not-cheap restaurants. My favorite is L'Ecrivain, in a mews off Baggot Street, which is consistently good and friendly.

There are also dozens of buzzy cafes and restaurants in the lively Temple Bar area, although two of my favorites are Bewley's Coffee House in Westmoreland Street and Café en Seine in Dawson Street (the latter referred to in Dublin parlance as the Café Insane).

Favorite theater? The Gate, where Michael Colgan produces some of Ireland's best dramatic offerings. Favorite outing? By DART (an electric rail system that operates around the perimeter of Dublin Bay) to the southside village of Dalkey, once a tiny fishing harbor, now home to quiet pubs and restaurants, and a collection of Triple A writers, singers, and actors.

Favorite pubs: in a city where the pub is still a social center, noted as much for conversation and companionship, I could list scores, but I'll whittle the list down to an inner circle of seven. For traditional music and folksinging, O'Donoghues in Merrion Row remains tops, with Dublin's oldest pub, the Brazen Head (1688) in Lower Bridge Street coming a close second. For good Guinness and conversation: Mulligans in Poolbeg Street, Ryans in Parkgate Street, Doheny and Nesbitts in Merrion Row, Smiths in Haddington Road, and the oddly-named Gravediggers behind Glasnevin Cemetery. (There's a serving hatch at the rear through which beer and stout were dispensed to the cemetery workers.)

—Mike Burns

HELSINKI

DANCEHALL DAYS IN THE LAND OF THE MIDNIGHT SUN

As the business of tourism expands globally, travel agents book boatloads of package tours to the same familiar destinations. However, many of today's travelers are seeking an experience that is both new and not artificial.

In today's globalized world, it can be hard to distinguish the unique qualities of a country or its people in the capitals of Europe. Often the hotels look virtually the same as those back home. The department stores and boutiques sell the same goods. The local businessmen are not easily discerned from their foreign counterparts. The restaurants serve the same international cuisine, and the bars offer the same whisky and beer. So, the intrepid traveler hoping to meet the natives and experience the 'real' culture disembarks from the plane only to find the same homogenized culture that he left back home, unless, that is, he has inside knowledge.

Those adventuresome souls wanting to meet a 'real' Finn should make their way to a combined restaurant and dancehall, the Vanha Maestro (in Finnish it means "Old Master"). Located near the center of town, the place is more or less ignored by foreigners. The only ones who find their way there are frequent travelers brought there by their Finnish hosts—usually businesspeople—who have already shown them everything else worth seeing in the Finnish capital and its surroundings.

The clientele of Vanha Maestro shares two common traits: all have reached a 'mature' age (i.e. no teenyboppers) and they love to dance. And do they dance! It is almost impossible to avoid the floor if you visit the place. No matter your gender, you will soon be asked to dance by a member of the opposite sex (although it is actually more common for the ladies to ask the men).

There is always live music, and the bands and vocalists represent the best—or at least the most popular—in Finland. However, this is no disco. The classic hold-your-partner style is honored at Vanha Maestro. Tango is extremely popular as well as the waltz. But the beat that most often brings the patrons out onto the floor is the *hump*. This Finnish invention is a mixture between the waltz and perhaps the schottische. It is not difficult to learn. In fact, anyone can dance it—even you. Your Finnish partner will make sure of that.

The most eager regulars have formed their own Maestro club, which is dedicated to dancing. The clubs have regular sessions where they perfect their performances under professional guidance. These are easily identified on

the floor in the dancehall in the evenings or in the early afternoon for that matter. The action starts at midday, which is convenient for shift workers, the unemployed, and pensioners.

Vanha Maestro is also a place to meet people. Often, those with a broken marriage behind them come seeking a new partner. Vanha Maestro is simply a place where the ordinary Finn—whatever that is—can enjoy being himself or herself without putting on airs.

After an evening spent cutting a rug with a pack of jubilant Finns, intrepid travelers are likely to leave with a vastly different image of Finland than their package tour counterparts.

—Thomas Romantschuk

THE HAGUE

LANGE VOORHOUT PALACE

In the past, it was a palace with a large collection of art; today it is an art museum called 'the palace'. The stately mansion on the Lange Voorhout, a lime tree-bordered avenue in the center of the Hague, exudes a slight air of royalty, reflecting its diplomatic history and its distinguished exhibitions.

In the eighteenth century, the prince of Orange (who was the reigning *stadhouder* or the hereditary head of the Republic of the Seven United Provinces of the Netherlands) entertained a lively society in the Hague. To be sure, it was modest compared to Paris, London, or German courts, but it attracted visitors from all over Europe—diplomats, philosophers, artists, scientists, nobility, and wealthy aristocrats. Near the court—where today the Dutch parliament resides—large mansions were built in the classicist style of that time as residences for Dutch government dignitaries, wealthy citizens, or foreign diplomats accredited in the republic.

In 1760, the architect Pieter de Swart constructed a residence that soon became known as the Hôtel de Hope. Archibald Hope, an English banker and art collector, bought the residence when he came to live in the Netherlands. His merchant bank was one of the best-known banks in late eighteenth and early nineteenth century Europe, helping to finance, among other things, the American Revolution.

In 1848, Prince Henry, the son of the king of the Netherlands, bought the mansion, and it became the Palace Lange

Voorhout. In 1896, Queen Emma, the widow of the king, decided to use the palace as her winter residence. She continued to live there after she abdicated in favor of her daughter, Queen Wilhelmina.

After the death of Emma, the palace was rarely used. Queen Juliana, who succeeded her mother Wilhelmina after the Second World War, would visit only on the day she officially opened the Dutch parliament. For a number of years, the annual solemn tour in the gilded carriage pulled by six horses started and ended at the Lange Voorhout Palace, where the queen with her family appeared on the balcony to wave at the crowds. Under Queen Beatrix, Juliana's successor and the present queen, the palace has served for occasional ceremonial use.

In 1991, the royal family agreed with the municipal government of the Hague to sell the palace, now badly needing restoration. The Hague's municipal art museum acquired the former palace as a second exhibition facility. Rudy Fuchs, then museum director, ordered a daring remodeling. He had the walls and ceilings painted in bold colors, and modern art was exhibited in the eighteenth century rooms. The former royal kitchen in the basement was turned into a cafeteria, and the former coach house became a design studio.

It was an instant success, and today, the museum, just a few minutes walk from the Dutch parliamentary buildings, is one of the friendliest places to visit in the Hague.

—Roel Janssen

ROME

THE SECRET OF THE SPAGHETTI FACTORY

It is a well-known fact that a single lifetime isn't enough time to get to know Rome. The tourist arrives and is enchanted by the Sistine Chapel, the Coliseum, and the Spanish Steps. When he leaves, he has the strange sensation of still having so many things to see—and rightly so. Perhaps more so than in other cities, Rome has an incredible amount of hidden treasures.

Recently a few journalists were allowed into one of the “crypts” containing some of Rome's treasures. Right in the middle of the city, steps from the Capitol and the famous statue of the Emperor Marcus Aurelius, just behind the Forum,

the ‘chosen’ visitors were led into a large, ostentatious building that had housed the long-since closed Pantanella pasta factory.

Since 1926, few Romans have known of the building's contents, and fewer still have had the chance to go inside. For most, it was just another old building, but a select few knew it as “the house of the enchanted costumes” or, more commonly put, the warehouse of the Teatro dell'Opera.

Today, the former spaghetti factory houses the richest and most prestigious collection of opera costumes—altogether some 85,000 costumes from the Italian capital's most important theater.

Upon entering, a visitor is struck by the melancholy atmosphere. The costumes' ‘resting place’ is in stark contrast to the gilded halls where they have been put to their glamorous use. Paint peels from the walls, and the stairways are dimly lit. The first, second, and third floors overflow with costumes hung inside plastic bags, all in shimmering rows occasionally interrupted by old, wooden armoires, containing knickers, crinolines, undershirts, and other “intimate-wear.” The place feels like a labyrinth, which one might imagine is haunted by the ghosts of tenors and sopranos past.

It is not long, however, before one overcomes the gloomier aspects of the place and becomes mesmerized by the costumes, many of which were created by famous artists and artisans, from Burri to Manzu to DeChirico. Squeezed among the crowded collection is a series of costumes created by Luigi Sapelli, also known as Caramba, the most legendary of all Italian costume designers, who died in 1936. His artistry is such that New York's Metropolitan Museum has a room devoted to a single Caramba costume. In the warehouse, his creations are massed together on hanging racks like offerings in a consignment shop.

One rack holds the fox cape designed by director Luchino Visconti for Verdi's *Don Carlos* and made of real fox, because that's the way Visconti was. Other gems include works by Mariano Fortuny, who dressed Eleonora Duse and Sarah Bernhardt, and others by painters De Pisis and Turcato, and still more by contemporary designers, including Pistoletto and Ceroli. It is a veritable pantheon of twentieth-century Italian fashion and art, dedicated to those who dressed *Manon*, *Madame Butterfly*, *Carmen*, *Rigoletto*, and *The Girl of the Golden West*.

On the fourth and final floor is the ultimate marvel—in one visitor's humble opinion—the most fascinating loft in the Western Hemisphere. It is a wide-open space illuminated by the sun that pours in through enormous windows offering the most spectacular view of Rome. This is where the opera's scenery is painted. Enormous canvasses are nailed down to the floor, and using a technique that was developed in the sixteenth century, the artists paint the scenes using extra long brushes dipped in natural pigments.

This is truly a magical place. Now, after a first, brief opening reserved to a select few, it should be available soon to the general public.

—Niccolò d'Aquino

ATHENS

A BOUNTY OF ART— OLD AND NEW

Classical sites still top the list of Athens's attractions, but some of the city's most impressive archaeological treasures are tucked away in odd corners. Head for the archaeological museum in Athens's port of Piraeus. Recently re-opened after an extensive refurbishment, it features two of the most stunning bronze statues to have survived intact from antiquity—a helmeted Athina, the city's patron goddess, and a much earlier figure of a young man in the *kouros* style. Found by accident when the port's water system was being upgraded, they were probably destined for shipment to a rich collector in Rome in the early Christian era.

Despite its location in the city center, the N.J. Goulandris Museum of Cycladic Art often gets overlooked. It contains the world's finest collection of the distinctive white marble figurines made in the Cycladic Islands in prehistoric times. Slim and schematic, they inspired modern artists like Picasso and Modigliani. The museum also hosts regular exhibitions of items from private Greek antiquity collections, offering a rare chance to see unusual finds, and stages a summer show of paintings on a Greek theme.

Few visitors get as far as the Kerameikos cemetery, on the edge of the ancient city, where the tombs of wealthy Atheninas were lined along a stretch of the Sacred Way. A stream flows among the ruins, and lizards and turtles of all sizes inhabit the under-

growth around sculptured scenes of a family farewell.

Getting away from the past, Greece's race to catch up with the rest of the European Union has spawned several new places to see the work of contemporary artists. Frontrunner on the Athens gallery scene is the Deste Foundation in Psychico, which displays work from the collection of Dakis Ioannou, one of Europe's most prominent backers of international artists. It also boasts an atmospheric bar and restaurant and keeps unusual hours (open until 11 pm on weeknights).

In downtown Athens, the financial district around Sophocleous and Athinas streets is a new hub for bars and galleries. The stock market's burgeoning growth has had a spillover effect on surrounding streets, but traditional trading survives in the covered meat market and at basement stores selling bunches of herbs and spices piled high in sacks, and regional products such as cheeses and olive oil. One popular lunchtime eating place, Maritsa's—opposite the stock exchange building—combines a bar with taverna-style seating and a menu ranging from grilled vegetables for new-style Athenians to old-fashioned Greek bean soup. Look out for the Rebecca Camhi gallery, housed in a dilapidated commercial building on Sophocleous with a spectacular Acropolis view.

Increasing numbers of Athenians now avoid the traditional taverna zone in the Plaka to spend an evening in Psyrri, another commercial district close to Athinas, where the environment ministry has launched an urban revival plan. Make for the Plateia Ton Iroon, a lopsided square and stroll down brick-paved streets to make your choice of taverna or bar. Psyrri fills up late, and few tavernas start cooking before 8:30 or 9:00 pm. Turn up at midnight, on the other hand, and the menu still offers plenty of choice.

—Kerin Hope

COPENHAGEN

THE BEAUTY OF THE BIKE ODYSSEY

Perhaps discovering a city's treasure is more than just finding specific places. What if the way you explore yields as much or more unexpected pleasure than the individual sights themselves? Some might say that exploring

Venice by gondola is in itself more memorable than any one specific place you will see in the city. I submit that Copenhagen can offer such an experience—by bicycle.

Student travelers often chance upon a city's secret delights when they are forced by limited budgets to be creative. Like many of my cash-strapped predecessors, the small cost of hiring a bicycle to venture through the city substituted for other first-class diversions. As I pedaled out in search of surprises, little did I know the best sense of Copenhagen is captured from the saddle of a bicycle.

However, the Danes themselves know the joys of bicycling—half of the country's 5 million population uses the two-wheeled transport. It's an extremely convenient mode of transport as Copenhagen, like the rest of Denmark, is crisscrossed by a large number of cycle routes.

Firstly you must find your bike. Rentals cost around \$7 a day (little more than a short taxi ride) with a deposit of up to \$30. To begin, you may want to check out Danwheel-Rent-a-Bike (Colbjornsengade 3, Tel: 31 21 22 27) or Urania Cykler (Gammel Kongevej 1, Tel: 31 21 80 88). If you arrive by train, Kobenhavns Cykler (Reventlowsgade 11, Tel: 33 33 86 13) is conveniently located by the city's main station.

Once you have your wheels, Copenhagen's hidden treasures are yours for the taking. Many tourists choose to walk through Stroget, which locals claim to be the world's biggest pedestrian thoroughfare, and gaze upon its tidy squares, bright mosaics, inviting cafes, and expensive boutiques. However, in charge of a bicycle, you are not limited to mere pedestrian areas. You can zip off the beaten path into the maze of side streets for your own tour of the centuries-old architecture, including impressive cathedrals such as the Nikolaj Kirke or the Vor Frue Kirke. This liberating way of traveling the surrounds of the Stroget may lead you to what my guidebook referred to as the "death route"—a crammed area of bars along the streets of Vestergade and Skt. Petersstraede. The former of these is home to Krasnapolski, a lively and popular student hangout.

Heading past the Kongens Nytorv square, at the end of the Stroget you enter the Nyhaven waterfront area. This harbor once provided sailors with beds, food, and beer (although possibly not in that order). Locals enthuse about the

Havfruen seafood restaurant, although watch out for the huge wooden mermaid that swings imperiously from the ceiling. The area has retained a grasp of history and includes an array of restaurants and bars from which you can see the luxury yachts tied up nearby.

At this point in a visit to Copenhagen, more conventional tourists have already made at least two trips to the world-famous Tivoli Gardens, an amusement park with a theater, sidewalk entertainers, restaurants, and a concert hall. However, preferring to avoid the crowds, the intrepid cyclist might opt for an hour's scenic ride out of town to Klampenborg, home to the lesser-known Bakken Amusement Park. It's said that this is the world's oldest fun park. Beautifully set among giant trees, its rides are wilder than those at Tivoli, and best of all, admission is free.

In a sense, bicycling around Copenhagen is the best amusement ride. While the bicyclist has quick and easy access to most of the main tourist sights, seeing a city by bike—in some ways—allows the city itself to decide what to show and what not to show you.

—Stuart Egan

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ARTS & LEISURE

SPORTS

EUROPEAN SOCCER'S MONEY BATTLES

The top professional European soccer clubs are currently battling it out in the annual Champion's League, where the winners of each national championship play out a special tournament over the course of a regular season. The tournament is currently at the semifinal stage, with the final to be played on May 26 in Barcelona's stunning Nou Camp stadium. Like the World Cup, the Champion's League features

major soccer countries, such as England, Italy, and Germany, competing alongside relative minnows, such as San Marino and the Faeroe Islands. It differs from the World Cup in that the teams are not collections of each country's best players but rather the club teams that have fared best during their domestic regular season. However, Europe's showpiece tournament nearly did not get played at all, due to the media world exercising a growing stranglehold on what was once the people's game.

Now that a plethora of digital television channels have arrived, soccer in Europe is undergoing a slow television-driven revolution. Clubs are setting up their own channels, with many turning to pay-per-view. The negotiation of television contracts is rapidly becoming the biggest issue in the game, with boardroom politics detracting from the action on the field.

Last summer, European soccer fans, players, and officials finally realized the power television rights have gained over the sport. Rumors spread in the European press that a thirty-six-team European Super League might replace the Champion's League. A Milan-based media sales group named Media Part-



Media mogul Rupert Murdoch heads a group of cash-rich media companies that are changing the game of soccer off the field.

ners was attempting to lure the best teams away from the normal European competitions, which are governed by European soccer's ruling body UEFA, with the promise of guaranteed riches.

At the moment the Champion's League—which is separate from the regular domestic leagues and, after the World Cup, is the hardest tournament to win—is a good moneymaker for the teams involved. However, Media Partners promised that mere participation in the Super League would earn each club \$22.7 million, which is more than Spain's Real Madrid received for *winning* the Champion's League title last spring.

Critics were appalled that the proposed Super League would be composed of the same teams year after year regardless of their performance, breaking a long-held Champion's League tradition of rewarding teams for winning during their domestic campaigns. For example, if Manchester United, one of the proposed 'Super' teams suffered a dismal season, they would still get to play for the Super League championship ahead of a more deserving English club. Moreover, if Media Partners controlled the league, they would naturally be in con-

trol of the television rights for the Super League clubs, which would mean loss of revenue for UEFA.

Soccer's world governing body FIFA acted quickly. In September, they threatened players, clubs, and associations with suspension, should they take part in Media Partners' proposals. In response to this, Media Partners went to the European Commission arguing that "the football (soccer) authorities have infringed EU competition rules by abusing their dominant position and by preventing new bodies to organize

and market football competitions in Europe."

It is a thorny legal issue. UEFA is actually based in Switzerland, which is not a member of the EU, and teams throughout Europe take part in its competitions, not just teams from the European Union. Further complications arose when it became apparent that the top teams in Europe—the ones that Media Partners were hoping to persuade to join its breakaway league—are EU-based.

The mighty 'persuasion' of FIFA constituted a serious situation for the clubs involved. In late October, UEFA met with the major European clubs to discuss the situation. They emerged unanimous in deciding to stay with the body, thereby rejecting the dangling carrot held by Media Partners. Furthermore, UEFA had announced earlier in the month that it would widen the Champion's League to include thirty-two teams (up from the twenty-four teams taking part).

It appeared last month, however, that the controversy had not yet ended. The European competition commissioner, Karel Van Miert, announced that his office was investigating allegations that UEFA illegally forbid the clubs from

speaking with Media Partners about the proposed new league.

Whether UEFA prevails against Media Partners or is threatened in the future by another group remains to be seen. However, one thing is certain: The advent of digital television has increased the competition for the television rights for soccer leagues as well as for individual clubs.

More and more media interests are getting involved in the sport. Italian politician and television mogul Silvio Berlusconi was one of the first. As owner of AC Milan, he plied vast sums into the club in the late eighties and early nineties, building it into one of most dominant—and popular—teams and increasing the value of their television rights.

In the United Kingdom, another media mogul is taking a different tack. Rupert Murdoch, who owns British Sky Broadcasting (BSkyB), offered to buy the country's biggest club Manchester United for a reported \$1 billion. Some newspapers, especially those owned by Murdoch, have opined that it is a great step forward for English soccer; other papers have condemned it. Murdoch has also met fierce resistance from supporters' groups and the Football Association, which is English soccer's regulating organization.

The UK's Office of Fair Trading received enough complaints (more than 350) to involve the Monopolies and Mergers Commission, a business takeover regulator. Fans of other clubs are getting involved in the protests, believing that if all clubs sell out, tradition will be lost. English soccer fans have long been aware that they used to contribute the lion's share of their club's incomes, but now most of the money comes from sponsorships, television contracts, and merchandising.

Meanwhile, several other media companies are said to be waiting for the Monopolies and Mergers Commission's findings before they make offers for other top clubs. A five-man committee will publish a report on the inquiry sometime around the middle of March.

Murdoch's BSKyB currently holds the television contract for the English Premier League among others, and his ownership of Manchester United would make him a powerful negotiator in the talks that will arise when the contract comes up for renewal in 2001. Murdoch's critics believe that such duel ownership will create a conflict of interest,

while others point out that he does not own any other soccer clubs.

When BSKyB attained the television rights in the early 1990s, the most suspicious critics noted that one of the prime movers behind the shift was Alan Sugar, chairman of Tottenham Hotspur Football. Sugar also owns the company Amstrad, which makes, among other products, the satellite dishes needed to receive BSKyB.

Meanwhile, small and medium-sized English clubs, whose television rights are not the subject major bidding wars, are slowly dying out, crippled by debt and struggling with ever-increasing wage demands from players.

Part of the problem arises in the system around which English professional soccer is organized. Ninety-two different professional clubs play in one of four leagues. Since the Premier League fields the best teams, it attracts the most fans and the most revenue. However, the system allows the opportunity for the lower league teams to move up to the Premier League. Each year, a system of "relegation and promotion" rewards winners and penalizes losers. The three worst teams in the Premier League are relegated to play in the next-best league, the First Division, and the three best First Division teams are promoted into the Premier League and so on. This system, with some slight variations, is used to

shuffle the good teams toward the top of the four leagues.

The television money has had the greatest effect on clubs at the extremes—while Manchester United is embroiled in a potential billion-dollar sale, nearby Chester City, which plays in the lowest league, is on the verge of bankruptcy.

The problem arose when BSKyB paid a hefty sum for the television rights in 1992, injecting a tremendous amount of money into the Premier League. Six years later, the cash-rich Premier clubs have inflated the players' salaries, and the smaller clubs in the lower leagues are feeling the knock-on effects. Their emerging stars want similar wages; furthermore, ex-Premier League players rounding off their careers in the lower leagues expect to be paid the higher salaries as well.

BSkyB has actually been supportive of the lower leagues. While the company knows that its revenues come from subscribers—and most of them want Premier League soccer—it still manages to show the lower league teams. Smaller clubs will be even more affected if BSKyB loses the television rights and the major clubs go to pay-per-view. Whatever happens, it likely will be a case of the rich getting richer and the poor going out of business.

—Stuart Egan

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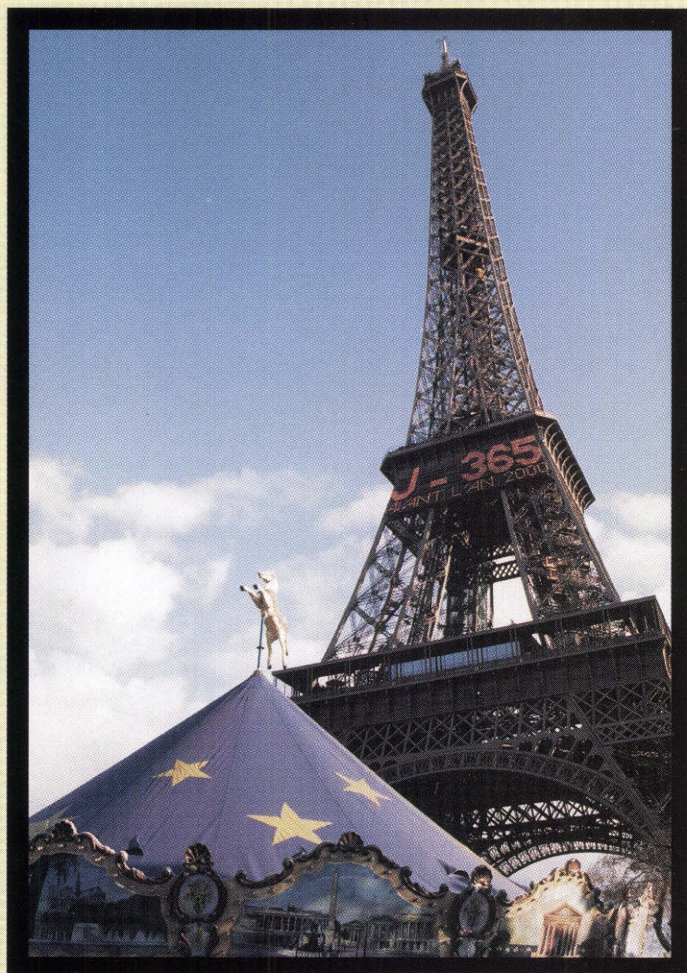
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YESTERDAY & TODAY

In 1887, French engineer Gustave Eiffel won the competition to build a tower for the Paris exposition to take place in 1889 in celebration of the centenary of the French revolution. The tower defied all the traditional rules of architecture and became the target of much criticism. French author Guy de Maupassant labeled the structure a giant “metallic carcass.” During its construction, Parisians became convinced that the structure would collapse. When it was completed, the 984-foot tower was the tallest building in the world.

Over the last century, the Eiffel Tower has become an enduring symbol of Paris and has been visited by millions of people from all over the world. Today, the tower serves as a beacon of light for the 21st century. Its illuminated clock—which can be seen from all over Paris—is counting down the days to the year 2000.



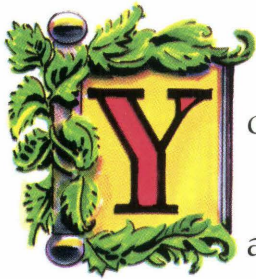
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APRIL		MARCH 5
UNITED KINGDOM London: Europe's Business / Financial Center Focus on Energy / Industry North Sea Oil	UK Airlines Manchester, UK	
MAY		APRIL 2
SWEDEN Largest EU Firms in US EU / US Trade Relations	Stockholm Malmo, Copenhagen	
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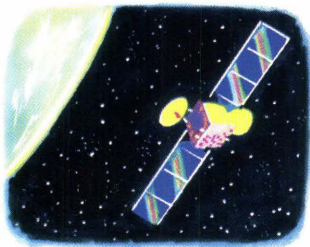
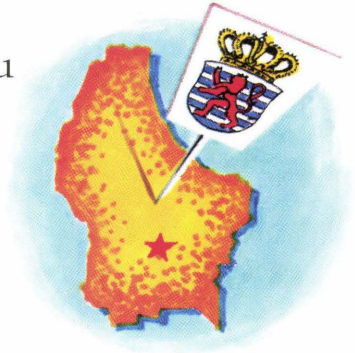


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