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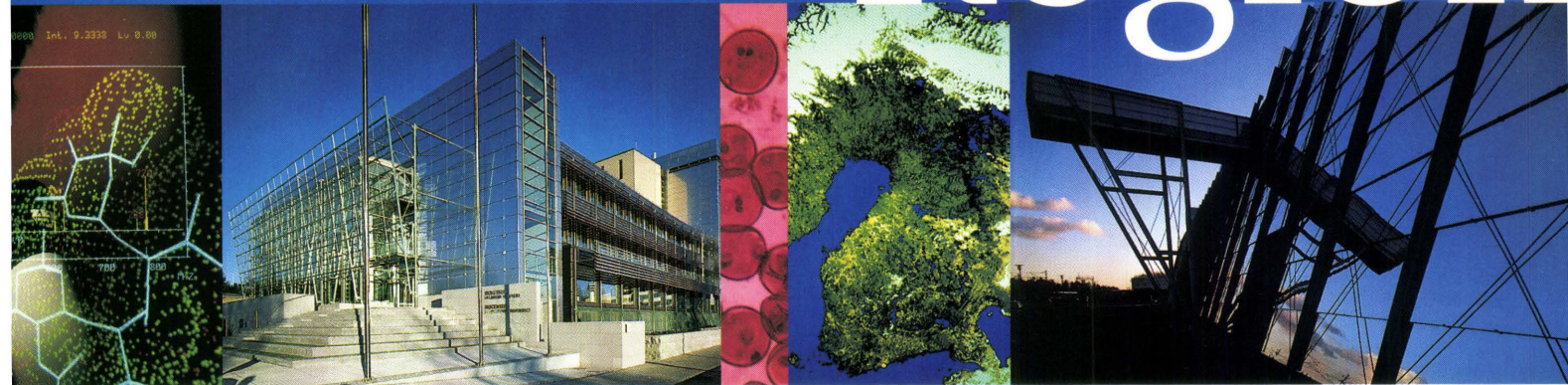
July/August 1999

Europe's
single
voice?

Javier Solana
Mr. Foreign Policy



Helsinki Region



Since it joined the European Union in 1995, Finland, once viewed as a remote northern outpost, has become a strong pole of attraction for international business. As the only EU member state to share a border with Russia, Finland occupies a unique position at the center of a rapidly-developing marketplace formed by northwestern Russia, Scandinavia and the Baltic republics, with 76 million prospective consumers.

THE HELSINKI REGION forms the vibrant nerve center of this new northern Europe. Itself home to 1.1 million people, one fifth of Finland's entire population, the region is the fastest growing metropolitan area in Europe. It consists of the Finnish capital Helsinki, the neighboring cities of Espoo and Vantaa, and 21 smaller municipalities.

Renowned for being at the cutting edge of high technology, with particular expertise in telecommunications and electronics, bio-sciences and logistics, the Helsinki Region accounts for over one third of Finland's GDP and generates 28 percent of the country's jobs. Some 900 international companies have already been drawn to the area and more are arriving every year, among them several global blue-chip corporations.

Many of them are coming because the region is so ideally placed for establishing a base in northern Europe or for gaining a foothold in the Russian market. Others are attracted by the rare combination of a highly skilled and productive workforce, strong R&D support by the eight local universities and research centers, an efficient infrastructure, political stability, low crime, and an unspoiled natural environment of great beauty. Among the multinationals that have set up important operations in the Helsinki Region are Tellabs, Compaq, Siemens, Hewlett-Packard, Microsoft, Breed's subsidiary VTI Hamlin and 3M.

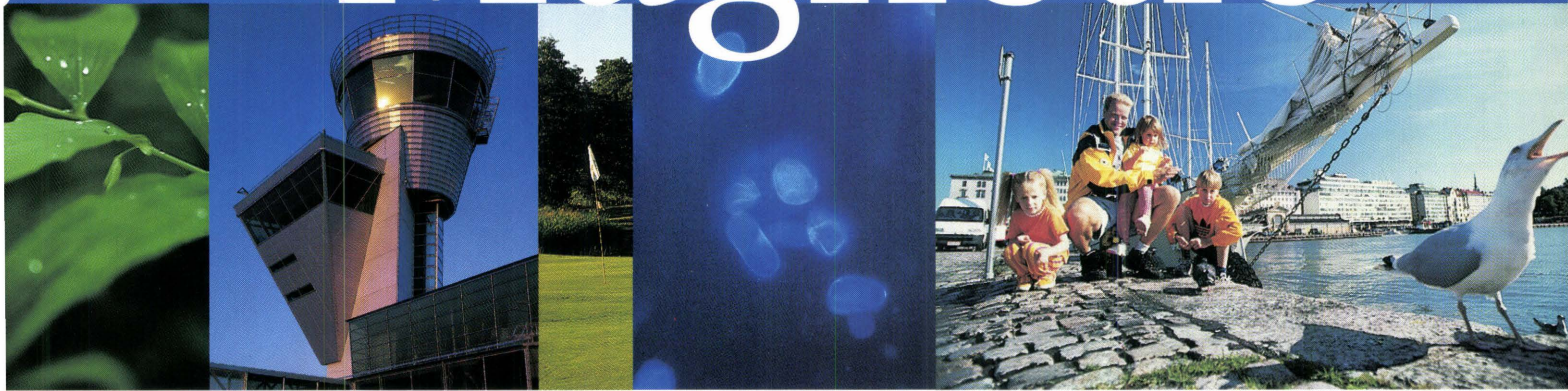
Of the three largest municipalities in the region, the capital Helsinki is the heart of Finland's political, economic,

educational and cultural life. Its historic ties to Russia and northern Europe make it an obvious choice for international business. Numerous large-scale projects are currently underway, including Helsinki Science Park, specializing in bio-science, a Biomedicum Center and a new harbor. The largest private business project recently has been the construction of telecoms giant Nokia's research center in Ruoholahdi, a former wasteland in the west of the city that is being transformed into a high-tech wonderland. The area will be the home of the Helsinki High Tech Center, a massive project consisting of four 8-story towers and a smaller gateway building, scheduled to be open for business in 2001. This part of town will also house the Finnish headquarters of PricewaterhouseCoopers.

ESPOO, only a 15-minute drive west of downtown Helsinki, is Finland's second largest city and its shining light for high technology. A city of exceptional natural beauty, avant-garde architecture and superb transport systems, its Otaniemi district is home to northern Europe's largest concentration of technology-related research and business. Over 400 foreign companies have chosen to locate in Espoo, among them 3M, Oracle, Compaq and Pfizer. The national telecoms titan Nokia is headquartered there, as is the Finnish energy company Neste, now part of the Fortum group.

Finland's leading technical university, the Helsinki University of Technology, the Technical Research Center of Fin-

Europe's • North Magnetic



land (VTT), Innopoli Technology Center and international business parks such as Spektri and Stella provide companies in Espoo with a unique environment, offering all the benefits of advanced education and research in a state-of-the-art setting, with a world-class service infrastructure.

LESS THAN half an hour away lies the city of Vantaa, the region's distribution and logistics hub. Its international airport, Helsinki-Vantaa, is Finland's largest, handling 90 percent of the country's passenger and cargo traffic. The International Air Traffic Association (IATA) recently voted it the best in Europe. From Vantaa, it is quicker to fly to the west coast of the US or to Japan than from any other location in Europe. A third runway, due to be completed in 2003, will allow the airport to handle even more passengers than the 9.4 million which passed through it last year.

The land surrounding the airport is particularly popular with international companies as a site for distribution centers, warehouses and value-added production bases. VTI Hamlin, for example, has opened the world's biggest production plant of micro machined silicon sensors in Vantaa, Microsoft has established its Finnish HQ, and express couriers like DHL and UPS have set up their bases there.

The airport city is in full expansion for the new millennium. Jumbo, the second-biggest shopping center in Finland, will open soon and ambitious plans for an international business park called Aviapolis are well underway. Aviapolis will provide extensive space for offices and manufacturing facilities, linked not only by air, but by excellent road and rail connections to northern Europe and Russia.

FOR THE FINAL six months of the 20th century, with Finland presiding over the European Union, its capital region will

be the focus of a great deal of international attention. Conscious of the leading role in which it has been cast, the Helsinki Region has carefully prepared for the part. A building boom is creating new business and residential premises all over the metropolitan area. Kiasma, the elegant new Museum of Contemporary Art designed by American architect Steven Holl, and a striking new National Opera House are two recent additions to the rich cultural landscape of the city.

Next year, at the start of the new millennium, Helsinki will continue to hold center stage, as it celebrates its 450th birthday and carries the title of one of Europe's Cultural Capitals. The magnetism of northern Europe's most dynamic business center has never been stronger.

For information on the many investment opportunities in the Helsinki region, please contact the umbrella organization which unites the municipal authorities and local agencies: the Helsinki Metropolitan Development Corporation (HMDC).

Helsinki Region



For more information:

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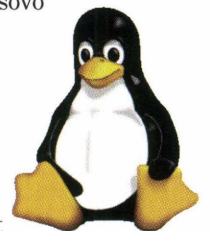
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LETTER FROM THE EDITOR

Javier Solana, currently serving as secretary-general of NATO, has been appointed by the leaders of the European Union to become its first high representative for foreign and security affairs. The fifty-six-year-old Solana has been widely praised for his efforts in keeping the nineteen countries of NATO unified during the successful seventy-eight-day air war against Yugoslavia. The former professor of physics, who later served as Spain's foreign minister, will be known informally as "Mr. Foreign Policy."

It has been a long road getting to this stage of the process known as a common foreign and security policy (CFSP). Reginald Dale, in his article "The Search for a Common Foreign Policy," writes, "It would be wise not to be too cynical. Only a year ago, skeptics on both sides of the Atlantic were predicting that European economic and monetary union would never happen and that the euro would be indefinitely delayed. That was to underestimate the forces driving Europe toward closer integration. These forces have now been reinforced by Kosovo." As Ulrich Beck, a professor at Munich University, comments, "Kosovo could be our military euro." The Balkan crisis could create "a political and defense identity for the European Union in the same way as the euro is the expression of economic and financial integration."

Dick Leonard, reporting from Brussels, details the EU leaders' search for a Mr. Foreign Policy, and Benjamin Jones, writing from Madrid, profiles the man they chose, Javier Solana.

EUROPE also profiles Martti Ahtisaari, the president of Finland and the EU's envoy, who helped broker the plan to end the violence in Kosovo.

EUROPE takes an in-depth look at another Finn who has become famous among the worldwide computer community. Linus Torvalds, as a student in Helsinki, began building a computer operating system that eight years later has developed into a product that some say can compete with the world's biggest software makers.

As Finland takes over the European Union's rotating presidency, which lasts from July 1 through the end of 1999, *EUROPE* presents an exclusive interview with Finnish Prime Minister Paavo Lipponen to find out his goals for their six-month turn at the EU's helm. The prime minister talks about what is meant by the "Northern Dimension," their relations with Russia, NATO, enlargement, and the euro.

Europe is connecting, and Ariane Sains, writing from Stockholm, looks at how the new Oresund Bridge, which will link Denmark and Sweden, will change northern Europe.

The top oil-energy firms in the world are European, and Robert S. Bassman, who covers the oil industry, gives an overview of Europe's power industry on the eve of the twenty-first century. Benjamin Jones looks beyond Europe to the boom surrounding the developing oil industry in Azerbaijan.

EUROPE goes behind the scenes of the popular movie *Notting Hill* to reveal the real Portobello Road market area, preview the Notting Hill Carnival, and talk with the manager of the Travel Bookshop.



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NATO Secretary-General Javier Solana is moving to become the EU's foreign policy point man.

EYE ON THE EU



Profiling
Personalities and
Developments
Within the
European Union

EU CHOOSES MR. CFSP

Henry Kissinger's famous complaint about not having a telephone number to ring if he wanted to discuss a foreign policy crisis with the EU has been belatedly met. The EU summit at Cologne on June 3-4 was largely taken up by the Kosovo war, but the fifteen heads of government did find time to appoint Javier Solana as the EU's first high representative for a common foreign and security policy.

The post was established under the Treaty of Amsterdam, which came into force on May 1. Solana's term of office as secretary-general of NATO does not run out until December 19, so there will still

be an interregnum before he is ready to take over. Most likely, however, NATO will appoint a successor (who could be Germany's defense minister, Rudolph Scharping) well before then, so Solana may be able to start work for the EU soon after the summer holidays.

His name had not appeared in the early speculation about the job, but his reputation was hugely enhanced by his role during the Kosovo war, when he tactfully kept all of the nineteen member states of NATO on side, while firmly presenting NATO's case to the outside world. The

successful conclusion to the war means he can honorably leave his present post, an option not open to him two months

earlier when he would otherwise have been a strong candidate for the presidency of the European Commission.

Solana had been pressed to take the secretary-generalship in 1995, when his Belgian predecessor, Willy Claes, was forced to resign after being indicted on a corruption charge.

When it became clear that Solana would accept the high representative post, all the other candidates promptly dropped out, with the exception of Foreign Minister Hubert Vedrine of France. He too, eventually quit the race but only after the French government had secured a deal that ensured that a Frenchman would be Solana's deputy and head of the administration of the EU's Council of Ministers.

The man selected for this position has long been a formidable character on the Brussels scene—Pierre de Boissieu. An aristocratic figure and grandson of Charles de Gaulle, he has been France's permanent representative to the EU for many years past. In an earlier period, he headed the private office of François-Xavier Ortoli, a former president of the Commission, so he has an encyclopedic knowledge of the workings of all the EU institutions.

An extremely clever and articulate man, sometimes accused of arrogance, he should prove a highly effective head of the Council administration. Furthermore, his strong personal links with both President Jacques Chirac and Prime Minister Lionel Jospin should ensure that France will be closely tuned in to EU foreign policy initiatives. The Solana-de Boissieu team will be a strong one, but it will face daunting challenges, not least in dealing with the postwar situation in the Balkans.

—Dick Leonard

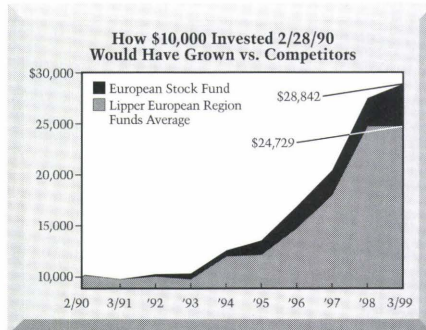
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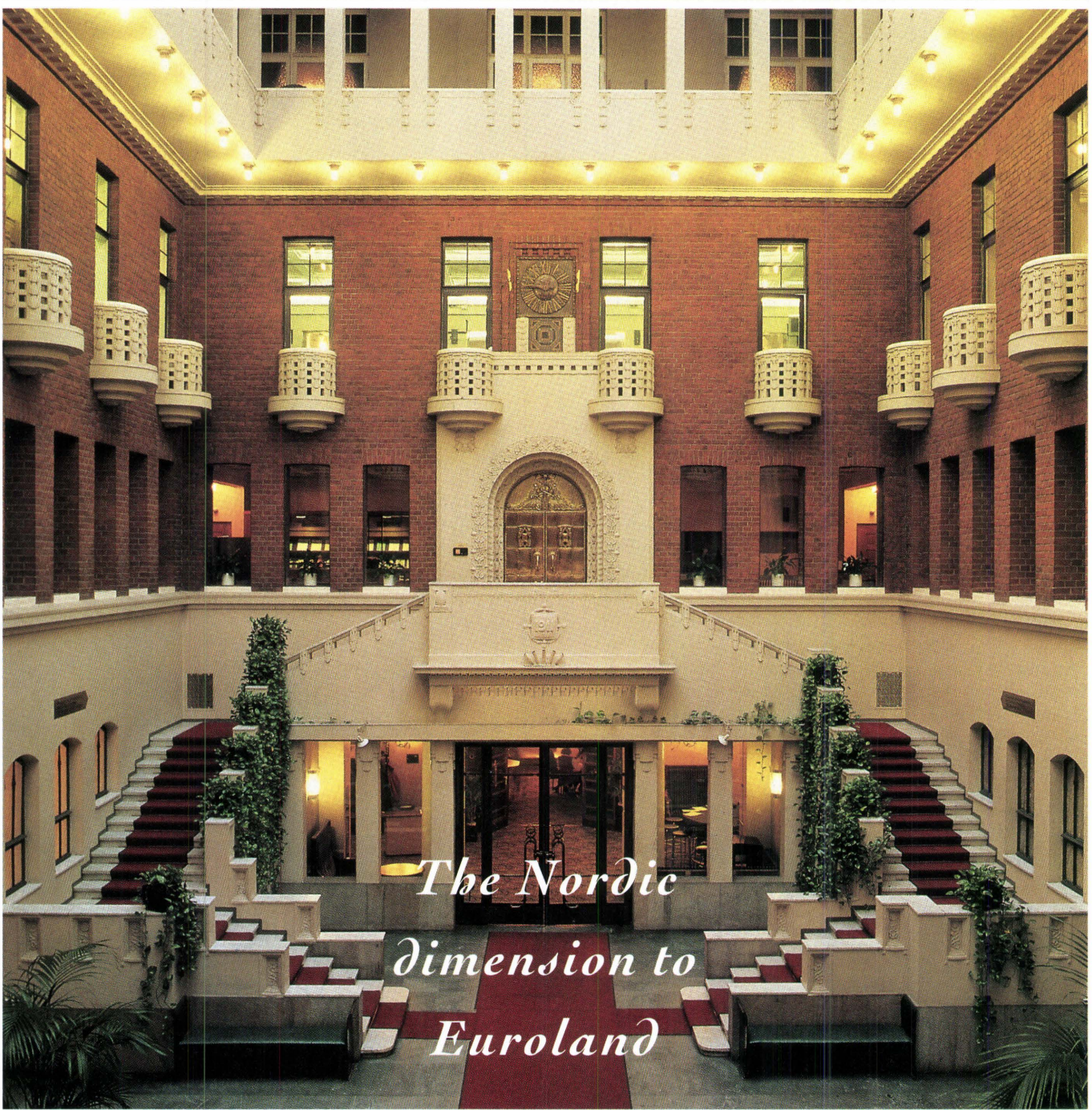


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SUMMER OF THE SLIDE

The summer of 1999 will be remembered for the sudden slide of the euro toward one-for-one parity with the dollar. The currency's decline served as a warning to financial markets to avoid taking at face value early boasts that the euro would challenge the greenback's supremacy as a reserve currency. But it was also a timely reminder that, however flawless the technical launch of the euro on January 1, the political and economic implications of economic and monetary union (EMU) remain as contentious as ever.

The immediate trigger for the euro's slide lay in an extraordinary meeting of European Union economic and finance (Ecofin) ministers in Brussels in late May. At the meeting, Giuliano Amato, the newly installed Italian finance minister (and former Italian prime minister) sought support for his request for a slight relaxation of Italy's budget deficit reduction program for 1999.

Although Mr. Amato was only seeking a slight divergence from the original target of 2.0 percent of GDP to 2.4 percent, he was rebuffed by colleagues. Not once, but three times. Finally, Mr. Amato approached his German colleague Hans Eichel over cocktails before lunch.

Mr. Eichel recognized his plight and over lunch—without the usual coterie of civil servants present—the ministers concocted a text that allowed the Italians the leeway they sought. And there the

matter might have laid if it had not been for a probing Italian journalist's question at the end of the Ecofin meeting.

Many observers were quick to blame the Italian government for the resulting sell-off in the euro. Rome had, after all, been slow to produce their latest plans for further reducing the deficit after the impressive spending squeeze that enabled Italy to qualify as a founder member of EMU in 1999.

The criticism misses a broader point. Growth in the EU has been painfully sluggish in 1999. The chief culprit is not Italy, but Germany. Thanks to sluggish exports (largely due to the Asian financial crisis and a collapse in business confidence thanks to a less than auspicious start by the center-left-green coalition in Bonn), German growth has stagnated this year. Because Germany is the traditional engine of European growth, the effect has been profound.

Slow growth in continental Europe contrasts with the burgeoning recovery in the United Kingdom and the rip-roaring performance of the US economy in the first quarter. The lesson is increasingly dawning on policymakers in Europe: those economies that have embraced structural reform of labor markets and the welfare state are the ones that can look forward to higher growth and employment.

European central bankers, from Wim Duisenberg, president of the European Central Bank (ECB), downward, have preached this mantra week

after week. Yet, several members of the euro zone have failed to rein in deficits. To fiscal hard-liners, Europe is repeating the mistake of the late-1980s when it failed to tackle structural (as opposed to cyclical) deficits during the recovery.

As the markets have sensed inaction, confidence in the euro has plummeted. The momentum to sell has increased as a result of conflict-

argue that it makes no sense whatsoever to tighten fiscally at a time of low inflation and slow growth. Why send Italy to the stake (along with thousands of workers seeking employment) in the name of fiscal responsibility amounting to 0.4 percent of Italian GDP.

In the end, the argument comes down to trust. The skeptical argue that Italy barely qualified for the rigors of EMU and its less-than-

The lesson is increasingly dawning on policymakers in Europe: those economies that have embraced structural reform of labor markets and the welfare state are the ones that can look forward to higher growth and employment.

ing statements within the ECB about the euro's slide. Some voices, notably Hans Tietmeyer, outgoing president of the Bundesbank, have expressed serious reservations, but others have adopted a more relaxed approach, which virtually rules out intervention.

In the heat of the debate, the broader argument about fiscal policy in the EU risks being ignored. In the case of Italy, it has been patently obvious that the country's growth has been slowing ever since the final run into EMU.

Some market analysts

impressive track record on deficit reduction requires extra vigilance on the part of the ECB. The optimists counter that all countries face difficulties and that a degree of discretion is required rather than the swingeing provisions of the German-inspired stability pact.

These questions will continue to dominate the macroeconomic debate in Europe over the coming months. But until growth in Europe picks up, the euro seems unlikely to recover anytime soon.

—Lionel Barber

EU ONLINE

ALL THAT JAZZ

Jazz has moved from backstreet bars to packed arenas in the hundred years since Duke Ellington's birth. One of the fathers of this American musical genre, Ellington lived to see jazz gain an international following. Summertime festivals have popped up across Europe, putting cities like Montreux, Switzerland, on the map for music fans. This year, travelers can celebrate the centenary of the Duke by stopping in for a listen, and they can find out the where and when with a few minutes surfing on the Web.

Montreux, the most widely known European jazz festival, has turned into a showcase for big-name pop, rock, and even country musicians who are seeking to share the stage with jazz and blues greats. The Web site for the thirty-third festival (www.montreuxjazz.com) outlines a program that includes Van Morrison, REM, James Taylor, and Rickie Lee Jones, as well as the more expected B.B. King, Pat Metheny, and David Sanborn. Theme nights include hip hop, reggae, Celtic, and Brazilian. The site promises audio and video clips during the festival. Some 200,000 are expected to attend the performances, which run July 2-17.

Tickets can be purchased through the site, and those looking for lodging in this picturesque lakeside city can find some suggestions. Festival organizers also will send a free electronic newsletter to those interested in updates to the Web site.

Those heading for northern Eu-



rope can find some of the same acts at festivals in Finland and the

Netherlands. The Pori Jazz Festival attracted nearly 150,000 visitors to Pori, Finland, last year and aims to draw a sizable crowd July 9-18 with Ray Charles, Elvis Costello, Charlie Hunter, and Marianne Faithfull among its top acts. The festival Web site (www.porijazz.fi) has the lineup, links to the performers' own sites, details on venues, and ticket information. The North Sea Jazz Festival in the Hague lasts only a weekend but features some 1,200 musicians on sixteen stages. The program has less pop and rock-n-roll, but there is no dearth of talent with Al Jarreau, Joshua Redman, and the Branford Marsalis Quartet among the headliners. Credit-card purchases of tickets for the July 9-11 concerts are not accepted on line, but

(www.northseajazz.nl) includes a telephone number for those who want to secure a seat in advance. Vienne, France, (www.jazzavienne.com) will be a pit stop June 29-July 13 for Metheny, Marsalis, and other above-mentioned musicians. James Brown will make an appearance at the Vienna Jazzfest, which runs July 2-10 (www.jazz.at). Both Web sites are easy to navigate and offer online tickets. Several other festivals have rudimentary sites, some with little or no English, but enough information to ascertain the dates of the concerts and a list of performers. Events in Umbria, Italy (www.umbria-jazz.com), and Vitoria, Spain (www.jazzavitoria.com), fit into this category. Most of the festivals offer something noteworthy for travelers who do not want to plan their itineraries months in advance. Although the big-name performances may sell out, smaller venues feature free concerts by up-and-coming musicians. Festival-goers may stumble across one who ends up as Duke Ellington's twenty-first century successor.

SITE OF THE MONTH: RICK STEVES

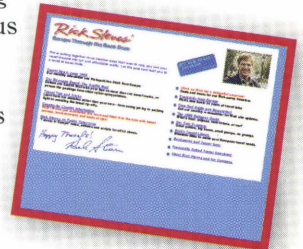
If travelers to Europe want less of American-style hotels and tourist traps, Rick Steves is a helpful virtual tour guide. The author of twenty-one *Through the Back Door* books and host of the *Travels in Europe* public television show, Steves reveals some hidden gems on his Web site

(www.ricksteves.com) that have been gathered during twenty-three years of leading tours to Europe.

Visitors to the site can search by country to find out which bed and breakfasts he would recommend on Ireland's west coast or which hill town in Italy he prefers. The emphasis is on soaking up the atmosphere and not spending enormous sums of money.

He helps readers decide what to pack and whether they should rent a car or ride the trains. Like his books, the Web site is spare on graphics. Viewers will not find color photos of Germany's Andechs monastery or the town of Salema on Portugal's south coast. They will have to take his word that it is worth seeing—unless they catch his PBS show. Steves also invites visitors to share their travel experiences on the site's "Graffiti Wall." Thousands of tips, organized by topic, are a testament to his popularity. Although he has plenty of books, videos, travel gear, and rail passes for sale on the site, Steves has included enough free advice to make the commercial portions bearable. His 'back doors' may end up being ironic. Who knows how long they will remain as he found them once his followers beat down a path.

—Christina Barron



Finland

Business as usual as nation assumes EU presidency

By Thomas Romantschuk

If one were to summarize the present state of the Finnish government in one phrase, it could be 'business as usual'. The five-party coalition, led by Prime Minister Paavo Lipponen, chairman of the Social Democratic Party, has been in power for a little more than four years and in the March general elections won the right to lead for another four years. Mr. Lipponen's own party, the SDP, suffered considerable losses due to persistent high unemployment figures and some isolated political scandals, but SDP retained its position as the biggest party in Finland's parliament, the Eduskunta. The rest of the parties in the so-called 'rainbow coalition'—the National Coalition Party (moderate conservatives), the Left Alliance (moderate socialists), the Swedish Peoples Party (a liberal group representing Finland's Swedish-speaking minority) and the Greens—fared reasonably well in the elections, especially the National Coalition, securing a safe two-thirds majority in the Eduskunta.

Little change is expected in the coming four years. The government has declared it will keep spending, in real figures, at the same level as this year for the government's four-year term. Since government income grew 3 percent last year and its total expenditure declined 2 percent, creating the first budget surplus in years, it can be argued that Mr. Lipponen is keeping his promise to unburden the national debt.



The logo of Finland's six-month EU presidency

Much, however, depends on the international economy. Finland, like all small nations with a limited home market, remains highly dependent on exports since local consumption cannot compensate for a major export decline. For the moment things are looking good. Mobile phone maker Nokia, Finland's flagship high-tech company, continues to increase its global market.

The paper and pulp industry, the traditional sector of Finnish export, is again posting gains. Prices are rising, and analysts expect a prosperous fall. Amid this enthusiasm, however, one troubling fact persists: overall export prices have declined slightly while import prices have risen. Nevertheless, Finland's gross national product is estimated to rise nearly 4 percent this year,

dramatically eclipsing the EU average. Both the balance of trade and current account figures show apparent surpluses, and the 1999 inflation rate is projected to land below 2 percent. Investment and private consumption are increasing, both aided by slowly but steadily declining taxes, which will be lowered this year to an average level of 45.8 percent. The economy's only persistent black mark is the unemployment rate. Despite promises to bring it below 10 percent before the end of the Lipponen government's first four-year term, Finland's jobless rate still exceeds 11 percent.

Beyond the economic news, 1999 continues to be an exceptionally busy year for Finnish politicians. In June, three months after holding general elections, Finnish voters elected their representatives to the European Parliament in Strasbourg. This fall, the country's presidential candidates kick-off their campaigns to determine the successor to Martti Ahtisaari, who recently made the headlines for his role as mediator in the Kosovo crises. Add to this crowded political calendar Finland's six-month EU presidency, which began July 1 and will round out the millennium.

The EU presidency is a major undertaking for even a large country like Germany (the outgoing president) with 82 million citizens. For a small country like Finland with fewer than 6 million people, it is an all-consuming endeavor. Finnish officials expect to chair some 2,000 meetings at a variety of levels in



Helsinki celebrates the start of Finland's EU presidency with a tango festival.

Finland has prepared very carefully for this presidency with the bulk of the work falling primarily on Tarja Halonen, Finland's minister for foreign affairs. According to Ms. Halonen, nearly every employee in the foreign ministry has a role in ensuring the presidency's success. Moreover, scores of civil servants within the other ministries have undergone intensive language training, and the embassy in Brussels has been reinforced with some forty staff, increasing the number by one-third.

ister Halonen. Another issue she mentions is the security and safety for European citizens. As a lawyer, Halonen sees a contradiction between free movement within the Union and safety within the Union. This she says, is "a very challenging task to balance." Politically, she sees the Kosovo situation as the primary European question at hand and has lobbied for the Finnish presidency to give the issue a high profile. Kosovo and the surrounding areas, she argues, are after all a part of Europe. The fact that Finland is not a member of NATO can also be of some benefit to the peace process.

In preparing for the presidency, not even the man in the street has been forgotten. At least in Helsinki, the event has literally taken to the streets. On July 1-3, as part of a three-day kickoff, the city's nineteenth-century central marketplace, the *Senaatin tori*, located in front of the main cathedral, was transformed into an immense open-air dance floor surrounded by restaurants and bars. Since the tango is the most popular dance in the country, you had better take a quick course in this sensual exercise if you plan to visit Finland this summer. ☺

Thomas Romantschuk is EUROPE's Helsinki correspondent.

SUOMI 99 FINLAND 99

europa into the new millennium

Brussels, Strasbourg, and Luxembourg during Finland's six-month term with only eighty of them taking place in Finland. Additionally, Finns will represent the EU at hundreds of UN and other international gatherings.

Beyond the logistics and the publicity, the EU presidency is foremost a member country's opportunity to set the Union's six-month agenda. For the Finns, "the number one issue is the enlargement process," says Foreign Min-

Paavo Lipponen

Prime Minister of Finland

EUROPE correspondent Thomas Romantschuk recently interviewed Prime Minister Paavo Lipponen of Finland at his offices in Helsinki. The prime minister discusses a broad range of topics, including Finland's goals as it begins its six-month term as president of the European Union, the euro, Finland's economy, EU enlargement, and relations with Russia.

Four years ago, when you formed your first government, which immediately followed a period of severe recession, you threatened to "put the country in order at any price." Are you happy with the result? Have you succeeded?

In many ways we have succeeded, if we look at what's happened in the economy, in Finnish families, in Finland's international position. So overall, we can be relatively satisfied, particularly if we think where we started from. The Finnish economy is strong and growing; employment has been going up steadily and strongly for three years. We also have our companies in better balance, and the people—the state, as well as the people—have gotten rid of most of the debt that had accumulated. So it's looking up in Finland.

Did you fail at any stage?

Success and failure ought to be judged on a more long-term basis. We certainly did not reach our goal of halving unemployment, and that was due to a downturn in the international economy at the beginning of last term. But, in spite of that, we have to take most of the blame. We've got new problems. Regional differences are growing. In particular, eastern Finland is falling behind—eastern and most of northern Finland. Income differences are also growing, and poverty [is a concern]—although in

Finland the proportion of poor people in the population is still low. These are major problems.

The elections were in March. You have just formed your second government. What are your main goals for the coming four years?

The main challenge remains the same—improving the employment situation. That means more jobs, at least at the rate we achieved in the last period, 50,000 per year, raising the employment ratio—that is the ratio of people employed out of the people of employment age. The other side of the coin is lowering unemployment. We should have full employment on the horizon by the end of this period—that is an unemployment rate of 5–7 percent.

We also need to stick to the goal of maintaining stability in the economy. Combining both growth and stability...was the main [economic] achievement of the last period. We need to do more about regional differences. We need to raise all parts of Finland—or those that have fallen behind—to a level where there will be a sort of self-sustaining dynamism and try to reduce the level of internal migration, which is now very high. And finally—last, but not the least—we must do more about social justice. We must improve the situation of those who are unemployed or otherwise of low income.

Internationally, of course, we want to do our best as the country running the presidency of the European Union [July 1 to December 31], and we shall be a full player in this phase of the development of the Union, including the foreign and security policy dimensions. In this region, of course, we want to engage Russia as a full partner and improve stability, thinking of the Baltic countries particularly. And as a mem-

ber of the Union, and with the presidency, we have to take the global challenges seriously. We are now much more in the global economy. Therefore, we have to make the economic and monetary union (EMU) work better and develop better rules for the global economy.

You have actually been accused—or commended, depending on who's talking—of introducing a very market-oriented economic policy. Is this the only way to deal with these issues?

Actually, what we've achieved is getting the market forces under control. We were certainly thrown about, so to speak. We were the object of market forces—with high interest rates, high debt, high unemployment. We managed to stabilize the economy, even by introducing an element of planning. That means the incomes agreements—two consecutive two-year agreements that actually were decisive in bringing about the turn in our economy. So in that sense, we are less dependent on market forces that you might call manipulative or speculative. Our membership in the EMU has also helped to further stabilize the economy and get market forces under control. So I would say we need to have better control over what we can accomplish—that is, combat inflation, take care of competitiveness, have discipline in financial policies, while still maintaining the welfare state.

Actually, the welfare state cannot survive—could not have survived—without doing what we have done. And concerning the internal market of the European Union, it's in our interest that the market really works—that it is not distorted by rules or legislation in the euro countries or that competition is not distorted by subsidies or protec-

tionism. Now, what we need is to develop better rules of the game for the global market economy. The market economy is not the rule of the jungle, as we have in many countries in the world now. In this sense, the real market economy is our ally.

If I interpreted your answer correctly, you see monetary union as a good thing, as a vehicle for this kind of policy?

Absolutely—at least in the Finnish case—and so far it's made a major contribution to our effort toward greater stability. Our companies need the greater access to the market that the EMU gives. They need it more than our Scandinavian neighbors' companies, which have been there much longer. So in many ways it has helped.

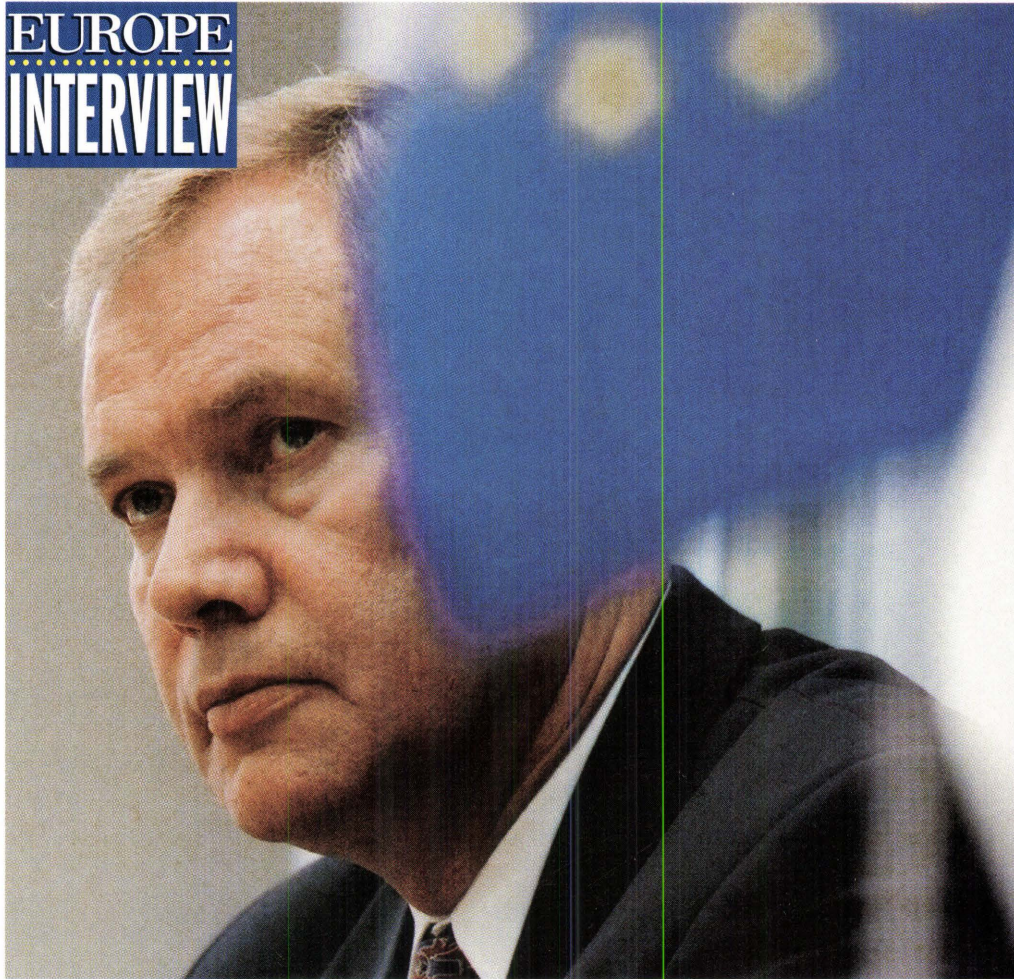
But I would like to add this. We must make EMU work better for growth and employment, including continuing the policy of stability. We must develop EMU so that we can tackle future recessions and the problems that might arise in individual countries. We are not well enough prepared for that. We need to make structural changes in the European Union that would facilitate employment, and I'd like to mention particularly shifting the taxation balance from taxes on labor to taxes on capital, which includes energy and environmental taxes.

If you could pinpoint the three most important things your government would like to be remembered for as Finland leads the EU into the next millennium, what would they be?

By far the most important task is still the original purpose of the Union—that is, to strengthen peace and to bring peace where there's war, such as in and around Kosovo now. That will be our major task, and we hope that we can—that the European Union can—play the role that we have wanted—that is, to take the main responsibility for resettling the evacuees and refugees, and for the reconstruction of Kosovo, and for bringing lasting peace there.

Secondly, there is the challenge of enlargement. We would like to do everything that it takes to make the improvements in the structures of the Union that are necessary for enlargement and to make new decisions in Helsinki that would maintain the mo-

EUROPE INTERVIEW



mentum in enlargement so that we would have a clear perspective for enlargement in the next few years.

The third major task is to make the Union work for employment and in the social dimension. We will have an employment pact in place, so we should make it work and make EMU work.

These are the three main challenges. Naturally, it's time also to discuss the future of the Union—what is our goal, what kind of a Union would we like to have—while maintaining a pragmatic approach in deepening integration. So that means discussing questions like how to develop a common foreign policy together with the security and defense dimension; how to improve the democratic legitimacy of the Union; and from our point of view, how to make sure that a small and—at this historical stage—nonaligned country can defend its interests in a European Union that soon will be larger.

What is the Northern Dimension?

The Northern Dimension, as we have

worked it out—on the basis of the Finnish initiative now in the European Union policy—means first of all defining the common interests of the Union, including all fifteen countries in the northern region of Europe, extending from Iceland to northwest Russia and in the south to the southern coasts of the Baltic Sea.

Secondly, it means working out a strategy or policy of practical cooperation, and that means engaging mainly Russia in an equal partnership. Our motive was the realization that the Union has great interests in the north—particularly thinking of Russia, but even otherwise. For example, if we take energy, we'll be 50–70 percent dependent on Russian natural gas in two or three decades, which is very soon. There are other interests in the energy sector. Basically, the whole Union needs to develop a network, a grid—particularly thinking of natural gas—which would secure a supply from various sources. Now, gas flows to the Union from North Africa, from the Caucasus in Rus-

sia, and from the North Sea. So the question is how to secure the supplies from the north on the basis of equal partnership with Russia. There are also great environmental hazards up in the north, particularly in the Kola Peninsula with the military and nuclear waste of the power plants. These are actually global hazards. That means that all fifteen EU countries must be engaged in trying to get this under control.

Thirdly, it's in our interest for all the Union to prevent a gulf deepening between Russia and the rest of Europe.

So this is something that we all have to do together. We are not at all proposing anything that would take something away from the south. On the contrary, we should understand that during the next century the center of gravity in Europe will be moving gradually—after this, so to speak, 'northern and eastern period'—due to enlargement to the south, to the Mediterranean, because of demographic factors. Around the Mediterranean, there will be a billion people or even more. At this historical stage, it's time for us to play this role.

It is a fact that, among the countries outside NATO, Finland has perhaps the most intensive cooperation with the allies. If that is so, why not join NATO altogether?

There really isn't any difference between Finland and Sweden in this respect. We both cooperate with NATO in Partnership for Peace, in the Euro-Atlantic Council.

Things are moving in Europe. We are close to a consensus in developing the European defense dimension. The consensus would be built on what was already more or less stated at Washington, that NATO is the defense organization in the Euro-Atlantic sphere. And then a European defense identity would be developed, and the aim would not be a separate European defense that would replace NATO. It would happen within the overall structure where NATO would be the defense organization. So membership of NATO would not be a prerequisite for playing a full role—as we want—in crisis management and that type of defense cooperation.

But isn't this a little bit like taking the raisins from the cake?

No, because actually I have asked several times in discussions with my Euro-

pean colleagues—why aren't you doing more, why aren't we doing more to get some progress in developing the defense dimension? So it's good news that this consensus is now finally developing. We are actually in the avant garde, I dare say, in this respect, because we understand that this is in our interests that the Union develops a capacity to make decisions and to act in situations like we have now in the western Balkans.

An American audience might argue that with Finland located so close to Russia, the shadow is always there.

We have always, in the history of independent Finland, chosen our policy line according to our national interests. In the postwar period, Finland developed a



In 1998, Lipponen met with his Russian counterpart, Viktor Chernomyrdin (right), to discuss the Northern Dimension initiative.

policy of neutrality between the blocs. We had successfully fought for our independence. So we can say that we have defended European values as much as any other country in Europe....

Actually, we are a fairly satisfied country in the post-cold war situation, with membership in the European Union and as a country in this region where there is relative stability.

Nonalignment means that we make our own decisions and choices. So the implication is that if we decide and can agree upon it with our partners, we could also ally ourselves. But there is no such need.

Quite recently you hosted President Jacques Chirac of France and dis-

cussed these matters with him. Did you come up with any new ideas that can be useful for Europe?

I have discussed the European defense dimension in the first half of 1999 with Prime Minister [Tony] Blair, Chancellor [Gerhard] Schröder, now President Chirac, and with other colleagues including the prime ministers of non-aligned countries.

It's more or less clear that we can go forward on the basis of such thinking as I have described—that is, that we concretely develop a European defense dimension that creates for the Union a capacity in terms of being able to make decisions and then to assign national contingency plans for future potential operations. Of course, decisions on participation in any future operation should be made nationally, on the basis of the merits of each case.

Actually, we agreed on the proposal of President Chirac that we will engage in bilateral discussions between France and Finland on how to develop this defense dimension. So this shows that even a nonaligned country can play a constructive role.

I hope that after this, we can finally get rid of this false impression that there is such a big difference between aligned and nonaligned countries in the European Union. We have now developed a common idea about our common interests. So we can look forward.

Is Finland's special relationship with Russia being utilized to attract investments from the rest of Europe and especially the United States?

I wouldn't like to market Finland as a country that holds all the secrets about how to deal with the Russians. But over the years we have developed a good relationship with Russia and the Russians. It is on the basis of mutual respect, and we understand that even if there is turmoil or changes in Russia, we shouldn't run away at the first sign of trouble. Our business people have stayed there. Finns have tried to be reliable partners. This is a strength in terms of international business and shows that Finland is not only a sort of 'gateway'. We are, in a way, engaged in developing a new relationship in business with the Russians, and in many ways, it's difficult. ☺

Helsinki Stock Exchange

By Thomas Romantschuk

Joining economic and monetary union (EMU) was a natural step for Finland in the process of the country's integration into the European Union. Despite the Danish and Swedish decisions not to join the euro zone initially, the Finnish government showed little hesitation, and Finnish industry showed even less. The largest euro-zone countries, Germany, France, and Italy saw their "domestic" markets more than double and triple in size, growing from roughly 82 million, 58 million, and 57 million consumers, respectively, to some 190 million. However, a small country like Finland saw its 6 million-consumer home market expand by almost forty times.

This growth offered new opportunities for the otherwise remote and small Helsinki Stock Exchange, the HEX. The exchange's leaders signed an agreement with the German exchange, Deutsche Börse, and Eurex Frankfurt AG, converting its current derivatives exchange to the Eurex technology. The agreement allows the HEX's core derivative instruments to be quoted on Eurex, and the HEX's members have access to all other products listed on Eurex.

On securities trading, HEX seeks a cooperation formula different than that of derivatives. "We merged with the Finnish Central Depository in December. This means that the whole chain of trading transaction is now under our control—including the trading itself, the clearing and settlement, and after that the registration of ownership," says chairman and CEO of the HEX

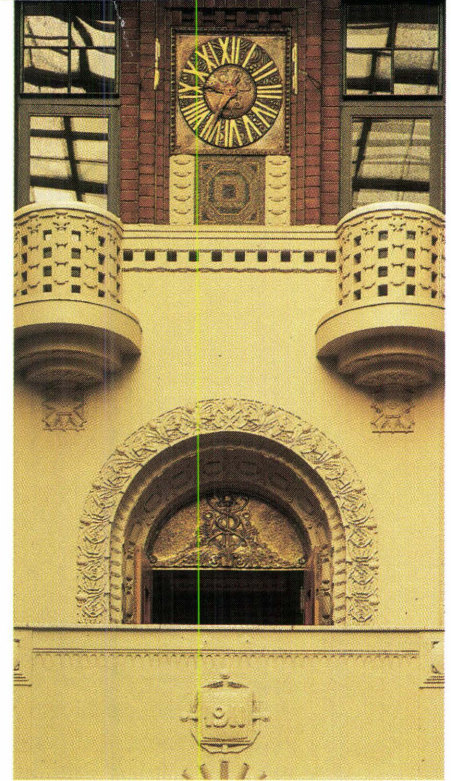
Group Juhani Erma. "On the securities side, the Frankfurt cooperation is a question of outsourcing the trading system with the advantage that all the members of the Deutsche Börse are linked to the same system where we now are. This means that it is technically easier for them to become members of the Helsinki exchanges if they so wish. Of course, we hope that this also will be a way to get new members from other European countries and from London when the cooperation between Frankfurt and London develops."

Mr. Erma stresses the need for efficiency. "What is important for investors and brokers, of course, is easy access to the Finnish markets, and that is what we are trying to create. It is now technically possible for American brokers to trade directly in our system or in the European system, whatever it will be, but of course there is the time difference and the question of how long the trading days are." He adds, "One very important question is that clearing and settlement must be made quicker and safer than at present, so that you know

you will get your money or your shares in three days or even less. I think this will be one of the most important questions in the future—the development of the clearing and settlement systems and especially cross-border clearing. The question is how this exchange business and the cooperation will develop in Europe."

The HEX's managing director, Asko Schrey, points out that the Helsinki Exchange is the only real euro exchange in the Nordic region. He believes Sweden's decision to stay outside EMU will

The HEX is promoting growth in the only Nordic euro country.



The Helsinki Stock Exchange opened for trading October 7, 1912.

move the financial focus from Stockholm to Helsinki. "Sweden has today reached about fifty active members," he says. "They do have an exchange in London with some seventy members, but only some of them, according to my knowledge, are connected electronically. So there are some doubts whether the Swedish exchange alone, or even the Nordic market combined, could attract a critical mass of traders in the future."

Mr. Schrey sees Helsinki as the financial gateway to 'Euroland' in the Nordic region. "One could say that it puts an end to the Finnish derivatives exchange," he acknowledges. "On the other hand, we will be a sort of representative of the Nordic area in this strategic cooperation, so it is our responsibility to take good care of the local members, to attract more local members, to innovate new products, and to promote current products—both current HEX products and the current Eurex products in the Nordic region." Overall, he says, "We would like to see ourselves as a service bureau for the Nordic intermediaries in this context."

Furthermore, Schrey explains, "We are heading for a single listing for the 300 Deutsche Börse members and the thirty Helsinki Exchange members, which results in a situation where 330 members altogether will have access to the current 150 Helsinki Exchange listed companies and the 3,500 Deutsche Börse listed companies." ☺

What Is the Northern Dimension?

By Ariane Sains

The Englishman could not get over it. “They’re here,” he kept repeating in amazement, quaffing his beer in a popular Helsinki bar as a group of Russians chatted amiably in a corner.

“They’re really here.” For the Finns, the Russians have always been there. The cramped and musty Russian submarine anchored by the Suomenlinna Island fort in Helsinki harbor is just one visceral historical reminder. Today it is a tourist attraction, but for Finns, there is nothing touristic about it.

It has been less than 100 years since Finland gained independence from Russia, and one might think the Finns would want to keep as much distance as geography allows between themselves and their neighbors. But what the Finns in fact want is to bring Russia into Europe.

With Finland taking over the European Union presidency this July, one of its primary goals is to win support for an initiative called the “Northern Dimension.” The aim is to integrate Russia as much as possible with Europe, especially in the areas of energy, the environment, and raw materials, notably oil and gas.

Peter Stenlund, the official in the Finnish foreign ministry who is directing the Northern Dimension, acknowledges that “Kosovo is going to affect many questions we were considering taking up,” including Russian integration. But with the help of the other Nordics, including non-EU member Norway, the Finns are determined to get the Northern Dimension going.

Furthermore, says Stenlund, “It would be natural to continue with Ukraine after Russia.”



Russian President Boris Yeltsin (left) and Finnish President Martti Ahtisaari, shown meeting in 1997 at the Russian resort of Shuiskaya Chupa, have maintained their countries' good relationship.

Like the Swedes and the Norwegians, the Finns are greatly concerned about environmental problems in northwestern Russia, which range from poor safety at nuclear reactors on the Kola Peninsula to nickel deposits that are polluting the Barents Sea and surrounding land to leaking nuclear waste from submarines and ice breakers near Murmansk.

While cleanup programs have been drawn up, work is going very slowly, partly because the hundreds of millions of dollars needed are not available and partly because the Russians have been reluctant to open polluted military areas to westerners.

But the region, says Stenlund, is “much more important for Russia than it was for the Soviet Union.” That’s because its proximity to northern Norway, Sweden, and Finland offers the potential to develop it into a major trading region. Assuming the environment is cleaned up, the area also has tourism potential.

The Finns decided to focus on energy and the environment because they believe those are areas where Russian and European Union interests mesh closely. “It’s not very easy to go to indi-

vidual (EU) countries and say ‘this question is in everyone’s interest,’” says Stenlund. “But this has been possible with nuclear, for instance.”

The move toward integration comes at a time when Russia is also eager to sell gas to the West for hard currency and to be part of Europe’s gas network. The European Union is looking at the potential for gas pipelines that would connect northern Europe to the Continent as well as connecting electricity grids. Given Russia’s vast oil and gas resources, it only makes sense to include it in any pipeline plans.

Finnish officials believe that Russia’s economic crisis and the surrounding publicity will in fact make their job easier since it has stimulated interest in EU countries that haven’t really considered Russia before.


The European Bank for Reconstruction and Development (EBRD), with US and Finnish help, was also scheduled to complete a plan at the end of June outlining how northwestern Russia’s energy sector can be revamped and how the Kola nuclear plants can be replaced with other types of electricity production. Replacement, notes Stenlund, is not only in the interests of safety but can also mean a sorely needed economic boost for the region.

The point of the Northern Dimension is not to offer Russia the kind of handouts with strings attached that have been offered in the past. Instead, says Stenlund, the idea is to take what the Russians have, look at what Europe needs, and combine the two.

The Finns’ long experience with Russia and the Soviet Union will be a decided advantage in bringing the Northern Dimension to fruition. During the Soviet era, the Finns had a thriving barter trade with the USSR and used it to counteract economic downturns in the West. They learned how to negotiate the intricate Soviet bureaucracy, a lesson that has stood them in good stead with today’s Russia.

While the Finns are confident the Northern Dimension will succeed, they are also realists when it comes to the Russians. Says Stenlund, “We will try to go further, but one needs a great deal of patience in dealing with Russia. That’s something we in Finland know well.” ☞

Ariane Sains is EUROPE’s Stockholm correspondent.



Shaping Europe for the Millennium

The European Investment Bank, the European Union's key financing institution, supports investment promoting Europe's modernisation, growth and future enlargement to include Central European countries. Its borrowing and lending activities are focused on strengthening Economic and Monetary Union and on building a liquid market in euro, shaping Europe for the new millennium.

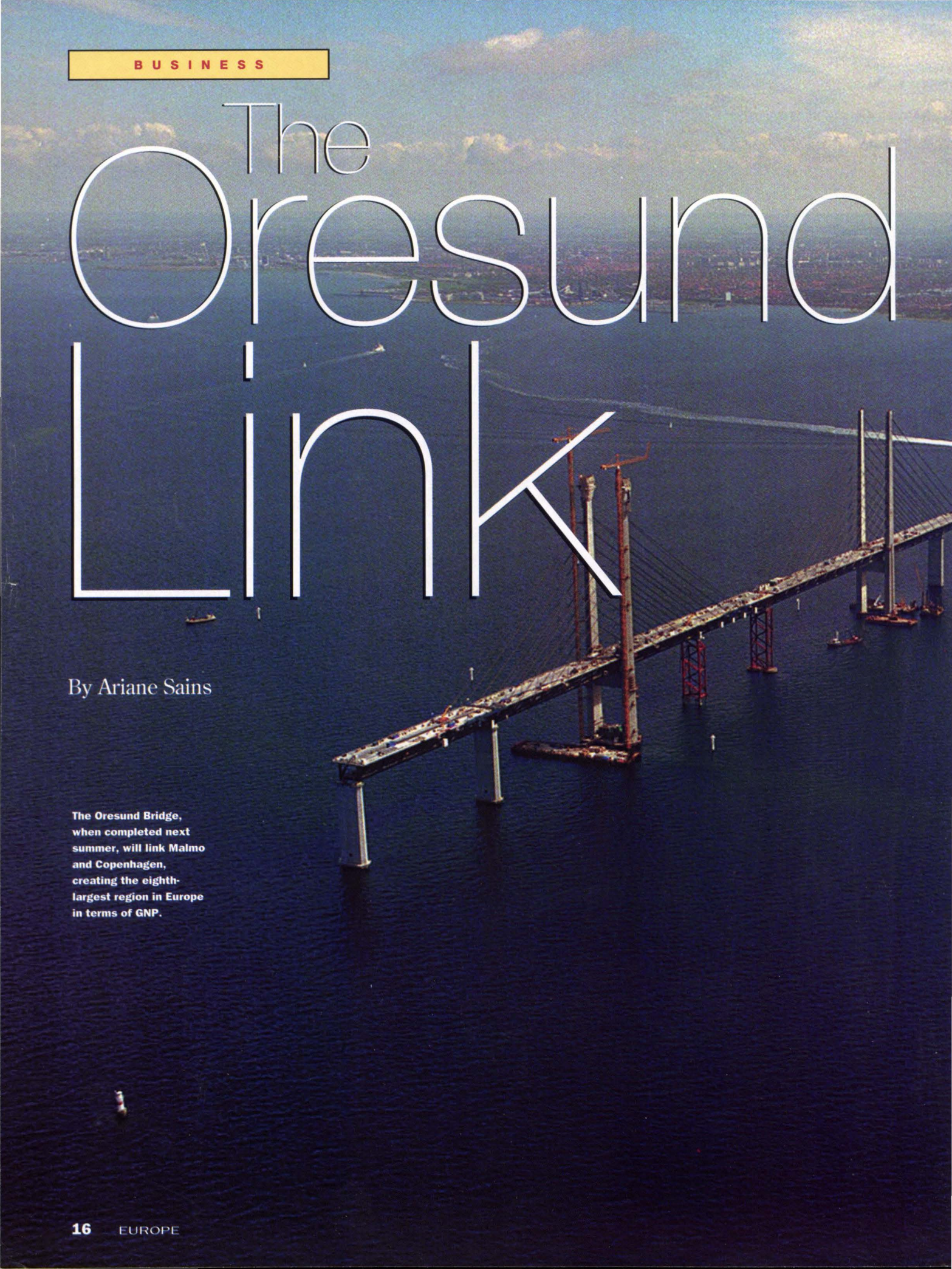
The EIB's 1999 funding programme, is expected to reach over EUR 30 billion, of which 15 billion in euro under the Bank's new EARN facility. The largest international borrower, the EIB will also continue to be present on capital markets as a AAA issuer of non-European currencies, particularly the US dollar.

1 euro: approximately US\$ 1.06



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The Oresund Link

An aerial photograph of the Oresund Bridge under construction. The bridge spans a large body of water, with several tall concrete pylons and steel towers visible. The bridge deck is partially completed, and construction cranes are visible on the structure. The water is dark blue, and the sky is a mix of blue and white clouds. In the background, a cityscape is visible across the water.

By Ariane Sains

The Oresund Bridge, when completed next summer, will link Malmo and Copenhagen, creating the eighth-largest region in Europe in terms of GNP.



Denmark and Sweden prepare to get closer

They have been enemies, trading partners and, at times, even part of the same country. But one thing the Swedes and the Danes have never been is connected by land. Come July 1, 2000 that will change. That is when the \$2.5-billion, 4.8-mile Oresund 'fixed link' is scheduled to open.

From the city of Malmo in southern Sweden, it will span the water to the Danish capital, Copenhagen. Four lanes on the upper bridge will be open for vehicles; trains will roll across the lower level. A tunnel, slightly longer than the bridge, is also part of the connection. About 11,000 vehicles daily are expected to use the toll bridge and tunnel. Fees have yet to be set, but the aim is to give substantial rebates to regular commuters.

Swedes and Danes already travel between Malmo and Copenhagen on hydrofoils that take about forty-five minutes. Much of the traffic is toward Copenhagen, for work, shopping and relaxation. Swedes from the Malmo area also often use Copenhagen International Airport, rather than the airport in Malmo, because it is much easier to make continental and transatlantic connections.

However, the bridge will dramatically alter the region's dynamics and, some worry, not only for the better.

Ingmar Lindahl, who put together a report on the Oresund ef-

fect for the County Labor Board in Malmo, says there is a very real possibility of "brain drain" from southern Sweden as academics and the better-educated seek more interesting, lucrative work in Denmark.

Between 1996 and 2005, some 100,000 new jobs are expected to be created in the region, and unemployment is expected to be cut in half. But, says Lindahl, the picture is brighter for Copenhagen than Malmo.

The Oresund region will have about 3.2 million people in a sixty-mile radius, with about 1.7 million of them in Copenhagen. One-fifth of the combined gross national product of Sweden and Denmark comes from the area, making it the eighth-largest region in Europe in GNP terms.

Those are attractive statistics for financial services companies such as Den Danske Bank, which has already begun establishing itself in southern Sweden. Insurance brokers are also eyeing the area, as are a variety of service firms.

However, the same factors that make the area attractive to business also attract crime. Skane, the province where Malmo is located, already has one of the highest crime rates in Sweden, just below Stockholm in terms of burglaries and theft, according to a ranking by the Swedish magazine *Aktuell Sakerhet*.

Four of the ten most crime-ridden cities in Sweden are in Skane, with Malmo ranking sixth in terms of crime per 100,000 people. Police say the crime rate is directly related to ferry connections with Copenhagen. It is easy for thieves to steal a car in Malmo, for in-

stance, get it on a ferry to Denmark and from there to the Continent.

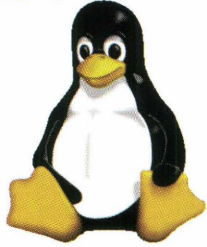
Even Swedish and Danish politicians, who are the bridge's biggest backers, acknowledge that hundreds of details need to be settled if Oresund is to have even a chance of functioning as an integrated region. Among the most important are harmonizing taxes, work rules, and regulations for establishing businesses on either side of the water.

In May, the two governments presented a report outlining an initial harmonization plan. But, warns Swedish Trade Minister Leif Pagrotsky, "we're going to have to live with the fact that Sweden and Denmark have different regulations in a variety of areas."

Tourist and business organizations are also working on giving the Oresund region a unified personality. While common logotypes and marketing material may help, there is no avoiding the fact that the area is still made up of Danes and Swedes, whose relations even today can be rocky.

The Danes, for instance, have never accepted the fact that the Swedes built the Barseback nuclear plant within sight of Copenhagen. Although the Swedish government has ordered the plant's closure, it has been postponed indefinitely by legal wrangling, something the Danish government has vehemently protested.

Discussion about linking Denmark and Sweden has been going on since a tunnel was first suggested in 1872, and it wasn't until 1991 that agreement was reached on a bridge-tunnel combination. Given that history, true integration may be a long time coming. ☺

Learning
to
Love

By Peter Gwin

Linux

Finnish programmer challenges Microsoft

Imagine Linus Torvalds is your son. Bright and industrious, the young fellow invents his own computer operating system, which in less than ten years is adopted by millions of users, including several Fortune 500 companies and NASA. Instead of starting a company and selling his masterpiece for untold billions of dollars, like Bill Gates did with Microsoft, your son decides to put it on the Internet for anyone to download for free. At which point, you might want to have a heart-to-heart with the lad about how, yes, it's good to help people, but your mother and I have had our eye on a sixty-foot yacht and....

As the dream continues, young Linus's invention goes on to dominate the computing world. However, it takes a dark turn when your stockbroker calls to tell you that your retirement savings—which you sunk into Microsoft stock when it was trading at 95—is now worth...and that's when you wake up in a cold sweat.

Bill Gates, who *Forbes* recently estimated to be worth some \$90 billion, is probably not sweating. Microsoft's commanding position atop the software world has not been disturbed. However, Linus Torvalds and his computer operating system called Linux have stirred controversy in the computer community—to some he is a dream come true, to others a potential nightmare.

In the real world, Windows continues to dominate the operating system market with more than eight out of ten computers running it. Of course, Microsoft reaps a tidy sum from each copy. Multiply that by some 200 million users, and you can see why Gates sits atop *Forbes'* list and perhaps why the

Justice Department is prosecuting his company for antitrust violations.

Money, however, is not the issue for Torvalds. He and his followers say Windows contains too many bugs—little glitches in the millions of lines of computer code—that can cause the computer to crash, certainly wasting time and potentially destroying a user's work. Perhaps most irritating to programmers like Torvalds is that Microsoft prevents them from being able to tinker with Windows' underlying set of instructions, its source code. Like a mechanic who wants to pop the hood and customize the engine of his Ford Mustang, programmers want to be able to pop the hood of the operating system and add or delete code to make it run according to their own needs. However, Microsoft has welded shut Windows' 'hood' and argues that to share its source code would be to lose control of its intellectual property, which it spent years and millions of dollars developing. The result is that users have to wait for Microsoft to fix any bugs and make any innovations. This arrangement and Microsoft's overwhelming dominance of the market have created a large reservoir of resentment among the world of computer professionals and enthusiasts, some of whom have dubbed the powerful company the Evil Empire.

The Luke Skywalker in the eyes of these discontented rebels is Torvalds along with his Linux operating system, which anyone can download for free from the Internet, pop open the hood, and tinker with to his or her heart's content.

Linux began in 1991 at the University of Helsinki when Torvalds, then a

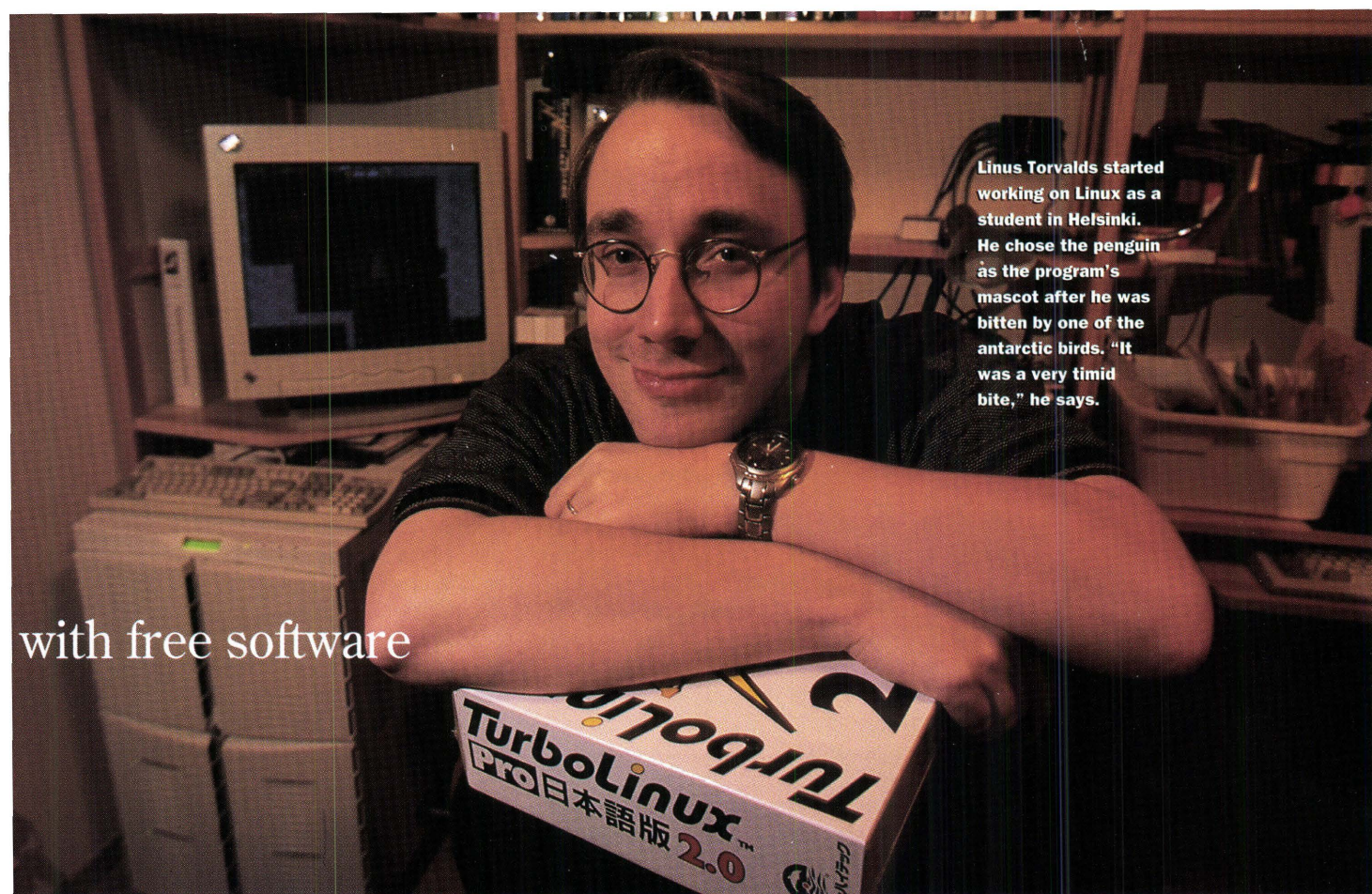
twenty-one-year-old student, decided to write his own operating system. "It was just a personal project. I just was doing something fun with my new machine," he told *PC Week*. "I couldn't afford some of the commercial operating systems, and I didn't want to run Windows." He finished a raw version, and posted a message on an Internet bulletin board:

"Are you without a nice program and just dying to cut your teeth on an [operating system] you can try to modify for your own needs?" it read. "Then this post might be just for you :-)"

A few computer programmers downloaded the program, wrote improvements, and sent it back to him. Over time, word spread through cyberspace, and programmers from all over the world began to contribute bits and pieces to Linux. Torvalds licensed the system in such a way that anyone can copy and use the system, but they must make any improved versions they create available to other users under the same terms. Consequently, Torvalds has not made a fortune from his creation. When asked if he had ever figured out how much money he could have made from Linux, he responded, "I haven't even tried. I know how much fun I've had."

As Linux has grown and developed, its founder has remained at the center of the project, guiding the legions of programmers who freely contribute pieces of code to the system and filtering their submissions to ensure that only the best code is implemented.

Their efforts and Torvalds' leadership have yielded an operating system that is astonishingly efficient and trustworthy. Computer technicians have taken notice. Linux's tight construction requires less



Linus Torvalds started working on Linux as a student in Helsinki. He chose the penguin as the program's mascot after he was bitten by one of the antarctic birds. "It was a very timid bite," he says.

with free software

computer memory to run than Windows does and rarely causes crashes. The system, however, still is not for novices. Only bona-fide computer geeks are able to fiddle with its code, and only a user who possesses at least an intermediate knowledge of operating systems would probably want to consider downloading Linux onto his or her computer from the Internet.

Today, Linux counts some 7–12 million users, although hard numbers remain elusive since it can be freely downloaded from a number of different Internet sites. Industry analysts estimate that the number of Linux users grew by 212 percent last year. This growth has led to discussions of a showdown with Windows. "I'm comfortable with the 'Microsoft killer' idea...[but] that wasn't the reason and still isn't the reason I developed Linux," Torvalds declares. "I just think there are a lot of people who want an alternative."

In some ways, Gates, the head of the world's richest company, and Torvalds, the leader of the biggest open-source operating system, are cut from the same wafer of silicon. Both are bespectacled, opinionated cyber-celebrities who have shaped the industry that has driven the US economy at a blistering pace for most of the decade.

For all practical purposes, the comparison ends there. Torvalds, now twenty-nine, grew up in Finland as a

member of that country's Swedish-speaking minority. In 1997, having completed his Master's degree in computer science, he moved halfway around the world to Silicon Valley to work for Transmeta Corporation. He lives with his wife, a six-time karate champion, and two small daughters in a modest neighborhood in Santa Clara, California, and shuttles between home and work in a green Toyota Rav 4. His agreement with Transmeta allows him time to continue to guide the Linux project. When he's not working on either, he likes to read. "Mostly trash," he admits, "science fiction, mystery, thrillers, fantasy, detective stories. *War and Peace* has never been on my list." He apparently has a taste for Guinness and on occasion enjoys target pistol shooting—although he does not combine the two. His personal web page—of course he has one—features a link to a Linux help site, photos of one of his daughters, and pictures of penguins, his favorite animal and the Linux mascot.

Just because Linus has not cashed in on Linux does not mean no one else has. Red Hat, a Durham, North Carolina-based firm, sells a novice-friendly point-and-click version of the system that it bundles with other Linux applications. Meanwhile, Compaq, Dell, Hewlett Packard, and IBM have all announced plans to offer Linux-based computers.

Furthermore, several software makers are issuing Linux versions of their applications.

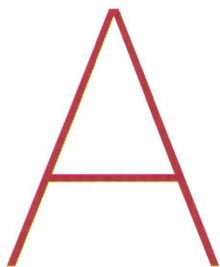
So what does Microsoft think about Linux? Mixed messages emanate from the Redmond-based empire. In April, Gates told a group of information technology professionals in Houston that Linux would have a "fairly limited" impact. However, in November, Microsoft lawyer Michael Lacobara, part of the team defending the company in a federal antitrust suit, argued that Linux's success represents a credible competitor to Microsoft.

As for those worried about Linus not benefiting from Linux, he appears to be involved in something big at Transmeta. When asked about his role at the company, the usually loquacious Torvalds says only, "I can't tell you anything." In fact, the whole company is shrouded in secrecy. Its office windows are reportedly blacked out, and its employees are required to sign non-disclosure agreements. Based on a patent filed by Transmeta, analysts speculate that the firm is aiming to create a new generation of computer chip. If his new 'for-profit' venture proves as successful as Linux, Linus Torvalds will likely be able to afford a sixty-foot yacht, but will he have as much fun? ☹

Peter Gwin is EUROPE's managing editor.

Powering Europe into the Twenty-First Century

By Robert S. Bassman



look at the financial pages confirms that the Internet is hot, commodities are not. But while high-technology stocks have replaced oil equities

as the darlings of investors, the tie between oil and high-tech and the importance of both to Europe and the rest of the world is most apparent. Just ten years ago, Exxon topped the S&P 500 with a market capitalization of \$63.4 billion. By the end of 1998, however, it had been displaced by Microsoft with a market cap of \$345.8 billion, almost double Exxon's \$177.8. Seemingly to add insult to injury, where in 1989 Exxon had been only one of three major oil companies in the top ten, it is now the sole energy producer on a list dominated by four high-tech companies. But the world, including the EU, is still predominately powered by oil and gas, and the relationship between the new high-tech industries and the old commodity extraction sector, appears to be symbiotic.

As Exxon's CEO, Lee Raymond, said in his March testimony defending the Exxon-Mobil merger before the House of Representatives' Energy and Power Subcommittee, "The oil business is the largest high-tech commodity business in the world." Raymond was referring to the oil companies' tremendous high-technology investment necessary to find and extract oil and natural gas around the globe. He raised the huge cost of this technology as one rationale for the merger. Conversely, high-tech industries all use energy—most of which is supplied by the world's oil companies—to manufacture and ship their wares. Moreover, virtually every high-tech product relies on electricity, of which, even in the European Union, with the world's highest percentage of nuclear and renewable (hydropower and wind) electricity generation, 42 percent still is produced by burning oil and natural gas provided by the oil industry.

Oil and Gas Continue to Power the EU and the World

Just as oil and natural gas powered the twentieth century (the "age of oil" began in 1911 when then First Lord of the Admiralty Winston Churchill converted the British fleet from coal to oil), projections are that, at least for the first several decades of the twenty-first century, they will remain the dominant sources of energy for light, heat, manufacturing, and transportation.

The Worldwatch Institute publishes data that indicates that at the beginning of this century oil and natural gas made up only 3 percent of world energy use. In 1997, they comprised 53 percent. The US Energy Information Administration (EIA) data shows that in 1990, Western Europe consumed 26.7 quads (quadrillion BTUs) of oil energy and 10.1 billion quads of natural gas. By 1996, these numbers had grown to 29.5 and 13.9 respectively. At the millennium, EIA projects that oil and gas will contribute more than 65 percent of the EU's total energy demands. Furthermore, EIA predicts a 0.3 percent annual growth in EU oil consumption and a 3.8 percent annual growth in natural gas consumption through 2020. By then, the two figures will stand almost equal at 31.8 quads of oil and 31.9 quads of gas energy consumed in the European Union.

While the combination of North Sea oil and gas from the Netherlands and

Norway only amounts to 2 percent of world oil and gas reserves, the EU consumes approximately 25 percent of the world's oil and gas. It is perhaps this imbalance and the need to assure the necessary external supplies that has caused Europe to spawn the world's largest non-state-owned oil companies.

EU Oil Companies Rank High

Since the mid-seventies, state-owned oil companies, like Saudi Aramco, Petroleos de Venezuela, and Pemex, have displaced the major oil companies as the largest producers of oil and gas. Recent trends, however, show a revival of non-state-owned oil companies. Of these companies, EU members rank among the very largest. Shell Oil Company, a joint venture of the Netherlands' Royal Dutch Petroleum Company and the UK's Shell Transport and Trading Company, currently ranks as the number one non-state-owned oil company. With its recent merger with Amoco, the UK's BP Amoco now ranks third behind Shell and Exxon. Only if the Exxon-Mobil merger finally passes muster with both the US (the Federal Trade Commission) and the EU (Director General of Competition), will a non-European company, once again, dominate this segment.

Consolidation in the Oil Patch

While the Exxon-Mobil merger faces serious EU scrutiny, due to its possible impacts on the 1996 joint venture of Mobil and BP in the EU, it continues the most recent round of oil industry consolidation started by that very deal. In February of 1996, BP and Mobil announced that they were combining both companies' European refining and marketing operations in forty-three countries. With the exception of Cyprus and Russia, the conversion was fully completed in 1998. All of the service stations now operate under the BP logo (BP owns 70 percent) with all of the lubricants sold under the Mobil trademark (Mobil owns 51 percent). The venture's goal of efficiency-driven cost savings of half a billion dollars a year has been realized. The BP Mobil joint venture quickly became the model for the other recent oil mergers in the US and EU, such as Exxon-Mobil and Total-Fina, respectively.

The huge pending Exxon-Mobil merger is, however, raising eyebrows



among regulators. In March, EU competition commissioner Karel Van Miert told the press, "There is a more general problem of joint ventures between oil companies. Certainly in this case (Exxon-Mobil), it is one of the problems." Notwithstanding these regulatory difficulties, further consolidation in the "mature" energy industry is sure to follow worldwide, including in the European Union. Witness the battle between France's Elf Aquitaine SA and Norway's Norsk Hydro for the Norwegian Saga Petroleum, which is being played out on the heels of Statoil's acquisition of 25 percent of Saga's assets.

One of the principal reasons for this continuing consolidation is that the larger, state-owned oil companies are considering inviting the majors back to help revitalize their production. Recently, the Saudi Arabian ambassador to the US invited representatives of several major oil companies to submit proposals to assist Saudi Aramco, which had thrown them out in 1973, with new tech-

It took ten tugboats four days to pull the one million-ton Troll oil platform (left) into position off the coast of Stavanger, Norway. BP Amoco's North Sea Bruce field (below) produces 10 percent of the UK's gas.



nology. Moreover, a group of EU companies, including Elf Aquitaine, Italy's Eni, and the UK's Premier Oil, recently signed a \$270 million deal with Iran. (US companies may not participate in Iranian ventures under current US sanctions.)

But, whatever the form of the oil company or the name on the service station sign, what is certain, at least for the next twenty years or so, is that oil will continue to power the EU and the rest of the world. ☹

Robert S. Bassman is a writer based in Washington, DC.

Pipe Dreams *and* Oil Schemes

By Benjamin Jones

A potential oil boom in the Caucasus region has triggered a fight over pipeline routes involving oil companies, regional governments, and even the United States government, all jockeying for the position that best suits their interests.

A millennium and more ago, adherents to the ancient Zoroastrian faith, living in what is today the former Soviet republic of Azerbaijan, would go down to the shores of the Caspian Sea to gather a black, tarry substance that bubbled up from the ground. Once carried back to the Zoroastrian temples and set alight, it would be used in the ancient religion's fire ceremonies.

These days, crude petroleum—and delivering it to where it is needed—is sparking interest from multinational oil companies, a host of regional governments, and even the White House. All of the players want a piece of the action

for financial, geopolitical, or security reasons and are making every effort to get their way.

At issue is a patch of oil and gas reserves in the Caspian region that some industry sources say could rival those of Kuwait, the North Sea, and Alaska's Prudhoe Bay. By 2010, they say, its production could reach 3 million barrels of crude a day. The gas deposits are believed to be the third-largest in the world.

Foreign oil companies first arrived in Azerbaijan in the early years of this century, and the capital Baku was famous throughout the region for its elegant homes, wide boulevards, and sophisticated European touches, all thanks to oil money.

Following the Bolshevik Revolution, the Soviets took over the industry. After decades of bad management and questionable extraction techniques, they had largely driven it into the ground by the time the USSR collapsed in 1991.

Hearing reports of freshly discovered offshore fields and sensing a potential bonanza, multinationals like British Petroleum, Amoco, Exxon, Unocal, Statoil (Norway's state oil company), Lukhoil of Russia, and Turkish Petroleum rushed in to sign development deals. Eventually, the multinationals along with the local Azeri oil company set up a consortium called the Azerbaijan International Operating Company (AIOC).

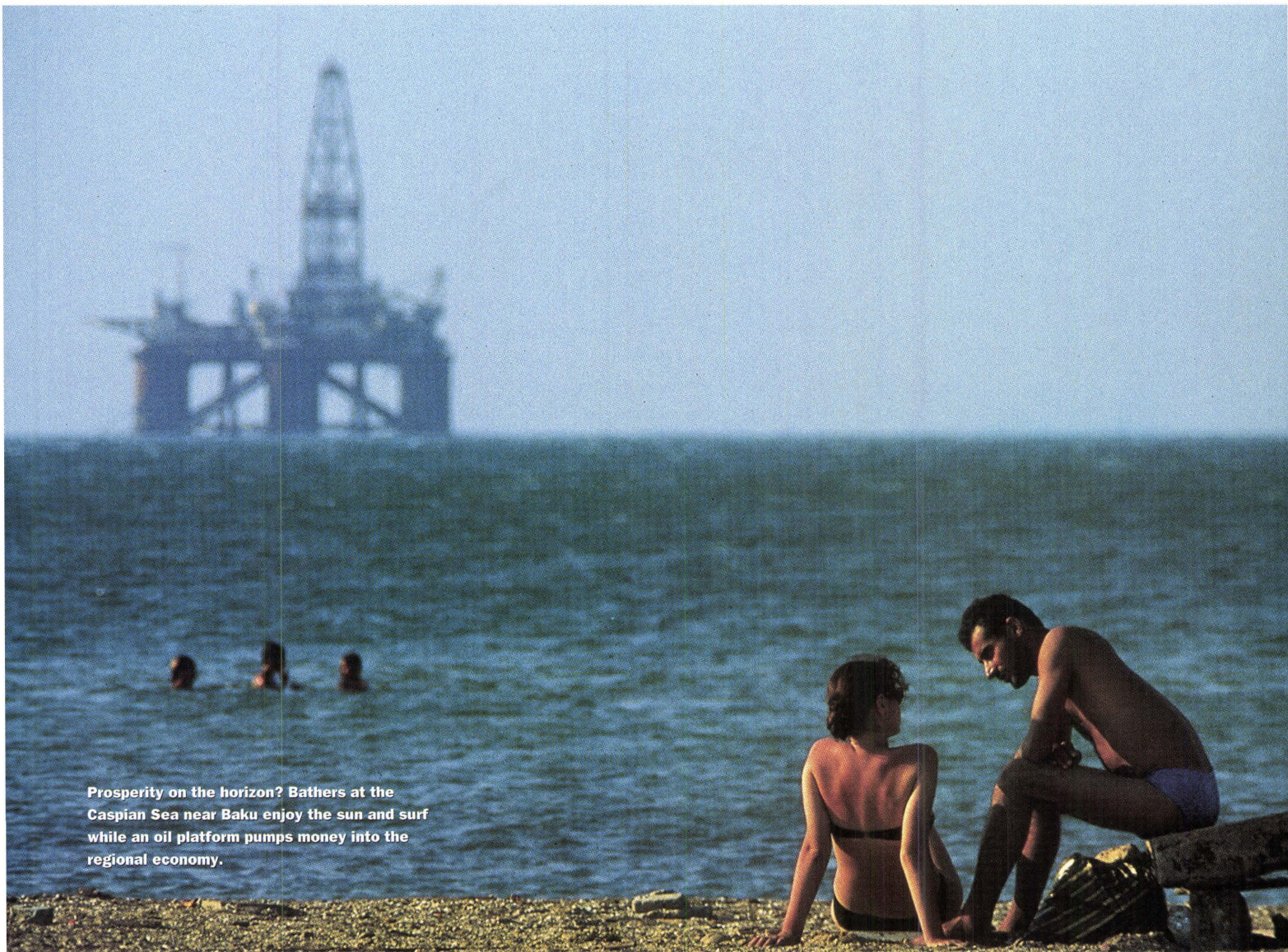
Consortium production is around 70,000 barrels a day, but the AIOC hopes to eventually boost pumping to more than ten times that figure when the three Azeri fields are fully developed, with around 500,000 barrels per day destined for foreign sales and dollar earnings.

However, getting the oil to market remains the hard part. Two pipelines, one from Baku to Georgia's Black Sea port of Supsa and another from the Azeri capital to the Russian Black Sea terminal at Novorossiysk, can together only handle around 200,000 barrels per day, or a 300,000 barrel shortfall.

When the companies and other interested parties realized another pipeline was needed, the intrigue started. The United States was keen to ensure that any future pipeline crossed neither Russia nor Iran—the former because the US wanted Azerbaijan and the other Caucasus and Central Asian nations weaned off their historic reliance on Moscow and the latter because Washington is doing everything in its power to isolate the mullahs governing in Tehran. Furthermore, the US wanted to help exploit new oil sources, as Persian Gulf deposits are expected to decline soon, and at the same time aid US companies risking billions of dollars in investments in a very volatile region.

Ambassador Richard Morningstar, the Clinton administration's point man on energy issues in the former Soviet Union, summed up US policy in a speech to area experts last fall, saying that these new nations at last "have a chance to seize their own destinies and develop into a band of stable and prosperous nations."

"Helping them to achieve this vision, while at the same time enhancing our energy security, the energy independence of the region, and promoting opportunities for our companies, is clearly



Prosperity on the horizon? Bathers at the Caspian Sea near Baku enjoy the sun and surf while an oil platform pumps money into the regional economy.

in the national interest of the United States," he explained.

The United States favored a route from Baku, running through Georgia and then south through Turkey to that country's Mediterranean port of Ceyhan, even though a new pipeline along this route could cost as much as \$4 billion. This figure would be twice what it would cost to upgrade and expand the two Black Sea pipelines favored by the AIOC consortium, and with world oil prices plunging to historic lows, cost became an important issue.

Turkey was, of course, enthusiastic about the Baku-Ceyhan route, arguing that oil piped to either Supsa or Novorossiysk would have to be shipped aboard tankers passing through the Bosphorus, a narrow and already overcrowded waterway that bisects Istanbul.

Any accident or massive oil spill would be disastrous, according to Ankara.

In addition, Turkey was willing to turn up the heat on the oil companies to make sure it got its way. In November, its then maritime affairs minister, Burhan Kara, imposed harsher rules for tankers and other vessels in the Bosphorus and threatened to significantly raise transit fees on the waterway. "Then they'll see what happens to their dreams of cheap oil," Kara said.

At the same time, Turkish press reports said the government-owned refinery operator was ready to stop buying crude from BP Amoco unless the AIOC loudly and clearly proclaimed its support for the Baku-Ceyhan route, which Turkey claims would only cost around \$2.3 billion.

Once it appeared the oil companies were turning a deaf ear to the blandishments and threats and were ready to announce they preferred the Baku-Supsa route, Washington immediately huddled with Ankara to discuss incentives and credits for financing the Ceyhan pipeline that could sway the AIOC.

It may be working. At press time the consortium was still weighing the three routes, and Ambassador Morningstar was optimistic the multinationals were listening. "I think the AIOC position has modified because they understand the political realities of Baku-Ceyhan," he told reporters in Turkey. "They are fully prepared to reach a joint conclusion and that is a constructive step." ☺

Benjamin Jones is EUROPE's Madrid correspondent.

Ørestad

Scandinavia's business leaders are currently talking about Copenhagen. Because Copenhagen will be at the centre of a **growth boom** over the coming decades. As the centre of the Øresund region. And development is already ongoing. The figures are indicative of the expectations. Businesses in the region are estimating huge growth, and placing **Copenhagen** in the central role.

Copenhagen's ambitious response is Ørestad - a new town for business, retail, culture and housing. In the middle of the capital, close to the airport.

Ørestad is a dense, intensive part of the city, demanding high standards in architecture and environment. Right now, the Ørestad areas around Copenhagen University and close to Copenhagen Airport are under development.

Roads and canals are planned.

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Ørestad has formed a team of advisors, ready to guide your business into Copenhagen. Three independent commercial real estate agents and Ørestad personnel can provide you with obligation free **information**.

Computer image of the vision of Ørestad City.



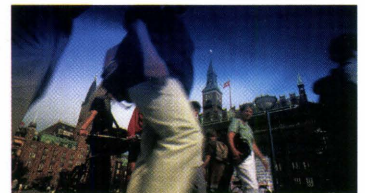
The Metro takes you to the centre of Copenhagen in 5 mins.



The distance to Copenhagen Airport is less than 5 mins.



Ørestad is Copenhagen's new urban area, close to the centre.



Ørestad Development Corporation

EUROPE

Update

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WHAT THEY SAID...ECHO DIRECTOR ON EU AID TO KOSOVO

EUROPE's Editor-in-Chief Robert J. Guttman spoke recently with Alberto Navarro, director of the European Community Humanitarian Office (ECHO) during a recent visit to Washington. Mr. Navarro discusses ECHO's role in providing humanitarian aid to Kosovo and its relationship with international relief agencies.

Is the EU the world's biggest provider of humanitarian aid?

It depends on the years. For instance, last year we were second after the Americans, but two years ago we were the first ones, and in this year, 1999, I imagine we will also become the largest single donor in the world. But it depends on every year, because humanitarian [crises] are unpredictable.... Starting this year, ECHO will manage a budget of 800 million euros [\$840 million].

How much humanitarian aid is ECHO providing for Kosovo?

Almost half will go to the Kosovo crisis. Precisely 378 million euros will be devoted to the Kosovo crisis. It will be more than 1 million euros a day, which is what it's costing us so far in the crisis in Kosovo in pure humanitarian aid. I'm not talking about reconstruction. I'm not talking about budget to support or other kinds of aid.

What will ECHO's humanitarian aid be used for?

Humanitarian aid has a very clear mandate. It is to save lives and to alleviate human suffering, so most of the crises we are coping with are man-made disasters.

How many refugees are there from Kosovo now that the war has ended?

We are coping with 1.5 million refugees who have been displaced at present. And there are 800,000 refugees, or if you like deportees, because they were forced to flee Kosovo, in neighboring Albania, [Former Yugoslav Republic of] Macedonia, Montenegro, and a small amount in Bosnia Herzegovina, 25,000. On top of this 800,000, we have almost 100,000 who have been evacuated to the United States, Australia, France, Spain, and to other western countries during the last weeks. So that makes 900,000 out of Kosovo. You have to add to them 600,000 internally displaced people inside Kosovo.... And to that we need to add also the Serbs, because not so many people give attention to the humanitarian needs inside Yugoslavia. Not just Kosovo, but mainly Serbia, Vojvodina. There we have an appalling situation. It's in the federal republic of Yugoslavia. There we have 500,000 Serb refugees who fled Croatia

and Bosnia during the previous wars a few years ago. So already Yugoslavia has to cope with 500,000 Serbian refugees. We are afraid that maybe up to 200,000 who are living in Kosovo may be fleeing as well with the Yugoslav troops and going back to Serbia. So, the situation there would remain pretty dramatic because it will be up to 700,000 Serb refugees with not much attention from the international community as the Milosevic regime is really hated. But for us working in the humanitarian field, we cannot make a distinction of victims according to their nationality or ethnic considerations. So, for us that will be a high priority to deliver humanitarian systems inside Yugoslavia for all these refugees and to these civilians who have suffered out of the bombings.

Will humanitarian aid be given if Milosevic remains in power?

Humanitarian aid is not politics. Humanitarian aid is a value. It's about people. And we never make a distinction on the basis of nationality, ethnicity, sex, or whatever political consideration. We say the logo for humanitarians is a hungry child. A child doesn't know about politics. We never ask if someone in need is a Serb or an Albanian. We have to feed him and take care of him.

How does ECHO give money? Do you give it through other relief agencies?

We give it through partners because it is not the best for [EU] officials to channel aid directly. If you have to ensure proper tendering procedures in eleven languages, as are the official languages of the [Union], to ensure transparency for the tendering procedures and then awarding contracts, we are not the most efficient at doing that. It is much better to channel all funds through the Red Cross, through the UN humanitarian agencies, and through the humanitarian NGOs [non-governmental organizations] because they are the best for that. What we need to ensure is that there is proper visibility of the European nature of the aid, and that there is also proper accountability as we are managing taxpayers' funds. But when you work, for instance, through the Red Cross for natural disasters like Hurricane Mitch, you can multiply our funds working through Red Cross because they use also the local society with the human resources and with the financial resources. It's a very efficient way of managing, purely considering the value for money and efficiency. It's much better to work through those who are really professionals in this area than through bureaucrats or officials.

G8 Leaders Meet in Cologne

In the wake of the Kosovo conflict, the G8 Cologne summit in June assumed for the first time the kind of 'Concert of Great Powers' role of the grand nineteenth-century conferences. Its main substantive achievement was to agree broadly on the postwar future for the Balkans, with a long-term stabilization strategy aimed at drawing the region steadily into the security club of NATO and the prosperity club of the European Union.

But the mood music of the summit was perhaps more important, making it clear that Russia had made its strategic choice of working with, rather than against the West, despite Russian condemnation of NATO's air campaign against Serbia. Russian President Boris Yeltsin found presidents Bill Clinton and Jacques Chirac coming to join him as he chatted with the United Kingdom's Tony Blair and German Chancellor Gerhard Schröder, exclaiming, "I find myself among friends."

Russia accepted the Western insistence that only humanitarian aid, and no reconstruction funds, would be made available to Serbia so long as President Milosevic remained in power and defied the warrant to face trial before the International Tribunal on War Crimes. In return (although no explicit deal was admitted), the Western powers agreed—assuming Russian agreement with the International Monetary Fund—to reschedule recent Russian debt and to examine the possibility of forgiving some \$70 billion of debt left over from the Soviet era. A full conference on the scale of reconstruction, expected to be around \$5 billion a year over five years, is to be held between G8 and Balkan leaders this fall.

The G8 also agreed in principle on a massive program to forgive some \$71 billion of loans, some dating back thirty years, to the

highly indebted poor countries. Many of them are forgoing approved development goals like primary education and water purification in order to service the debt. Under strong pressure from non-governmental organizations, aid lobbies, and public opinion in Germany and the UK, the summit agreed to raise almost half of the money from selling IMF gold reserves, although this has yet to be approved by Congress and the IMF membership.

"Loosing the shackles of debt and freeing these very poor economies to trade and develop is not forgiveness, but the smartest investment in the future of the whole global economy that we can make," argued European Commissioner for development João Pinheiro.

But there was no agreement on the French proposal, broadly supported by the rest of the EU leaders, to fend off future trade wars over hormones in American beef and genetically-modified foods by establishing a common global scientific body on food safety. The US and Canada objected. President Clinton said that Americans were content with their own Food and Drug Administration, which Europeans might wish to copy, but that global trade matters should be left to the WTO.

Leaders Agree to Early Warning System for Trade

The EU-US summit, which followed immediately after the G8 meeting, agreed to establish what President Clinton called "a prevention mechanism—and prevention is better than cure" to fend off future transatlantic trade disputes. Dubbed "an early warning system" by the European Commission, the goal is to avoid repetitions of the 'banana war' by appointing a joint team of American and Commission trade experts who will identify problems and try to fix them early.

"We want to resolve problems before they become po-

litically harmful," said German Chancellor Gerhard Schröder, who represented the EU at the summit as the president of Europe's Council of Ministers. (The job rotates every six months, and passed to Finland on July 1.)

If the officials cannot resolve the trade disputes, either side is entitled to call in senior policymakers, which means figures of ministerial or commissioner rank, to tackle the issue before it gets out of hand and starts being described in the media as a 'trade war'. Once that happens, and national politicians and major lobby groups take up the cudgels, issues can become much harder to solve.

"All too often, President Clinton and myself have had to spend time on disputes such as Helms-Burton, bananas, and hormone-treated meat, whereas 98 percent of trade relations pass by without problem," commented outgoing Commission President Jacques Santer, whose office had jointly proposed the early warning system with US diplomats in the mission to the EU. But a similar, although informal mechanism exists already between Commission staff and the US mission, who have been warning for more than a year that new and much larger problems lurk behind the disputes over bananas.

"If the banana war is the Ardennes, then the hormones in beef issue is the Alps, and genetically-modified foods are the Himalayas," warned Vernon Weaver, the last US ambassador to the EU. The fact that political leaders know that trouble is coming is no guarantee that it can be prevented, any more than the original 'early-warning system' of US radar stations watching for nuclear attack in the cold war would have stopped the incoming missiles.

"The important thing is that we and the Americans send a joint message to trade lobbyists, politicians, and our respective bureaucracies that

the EU and the US both want to enjoy the world's biggest economic relationship and not see it disrupted by avoidable disputes," a Commission spokesman commented.

Voters Elect New European Parliament

The European Parliament has turned right, though not with any great show of enthusiasm. Results of the election in mid-June of 626 members from fifteen countries to the Strasbourg-based Parliament were surprising on two counts. First was the evident lack of interest on the part of the voters. Barely 50 percent of those qualified to vote did so. The UK recorded only 23 percent turnout, and the Dutch and Finns failed to reach 30 percent.

The second shock was the swing away from the socialist parties toward the center-right. The Party of European Socialists lost thirty-four seats, dropping to 180. The big winners were the European Peoples Party (EPP), the body's center-right alliance, which gained twenty-four seats to give it 225 members. It marked the first time that the rightist alliance has come in front of the Socialists since direct elections to the Parliament began twenty years ago. Of course "rightist" is a relative term here. Few Americans would regard the Christian Democrats, who largely form the EPP, as particularly right wing given their longstanding attachment to social welfare and green policies. But in Europe, the EPP gains were widely interpreted as a clear repudiation of the left-of-center governments that hold power in eleven of the fifteen EU countries.

Since the EPP does not have an overall majority, it will have to appeal to moderates to get legislation through—just as the Socialists did before. Moreover, there was a significant rise in the strength of the Green parties whose members increased by nine to thirty-seven.

As the largest single group, the EPP will, however, have first shot at the Parliament's presidency this summer—a likely candidate is German Christian Democrat Elmar Brok, provided he does not think it more worthwhile to try for the EPP leadership. The EPP will have the pick of committee chairmanships, considerable clout in controlling the flow of business, and more staff and funds to spend on its activities.

Few individuals so far stand out from the new intake of MEPs. The familiar figure of Jacques Santer will be present again in Strasbourg—but this time as a Luxembourg member rather than as president of the Commission following his resignation in March. There is the usual sprinkling of former prime ministers and political worthies. The Irish singer Dana (Rosemary Scallon) won a seat as an independent, emphasizing family values and opposition to abortion.

NATO Leaders Gather in Budapest

NATO leaders gathered to discuss the lessons of Kosovo at the sixteenth annual NATO Workshop on Political-Military Decision-Making, held June 20–23 in Budapest. Military commanders came together with prime ministers, heads of state, leaders of industry, foreign ministers, ministers of defense, as well as ambassadors to NATO and other diplomats for the four-day series of symposia and roundtable discussions.

Led by General Wesley Clark, the supreme allied commander in Europe, the workshop featured addresses by representatives of the governments of some of NATO's newest members. Prime Minister Viktor Orban of Hungary spoke of the challenges his nation faced when NATO launched air strikes against Serbia only twelve days after his country had become a member of the alliance. Orban later invited participants in the international re-

construction effort to base their operations in Budapest.

President Aleksander Kwasniewski of Poland said Kosovo demonstrated that internal conflicts remain the greatest threat to European security. Kwasniewski also called for the continued eastward enlargement of the alliance.

Belgian Government Falls in Wake of Scandals

In June's national elections, Belgian voters ousted the long-serving Christian Democrats from office and elected a new coalition of Conservatives and Greens. Prime Minister Jean-Luc Dehaene and fellow Christian-Democrat ministers, in power since 1991, resigned on June 14 following national elections in which Belgians reacted vehemently to a string of political scandals capped off most recently by the widely-publicized dioxin food scare.

The European Commission had sharply criticized the Belgian government's handling of the dioxin crisis, accusing it of withholding vital public health information for months and not issuing restrictions on contaminated food products once possible health hazards were known. Some Belgian poultry, beef, pork, and dairy products are thought to have been contaminated by dioxin, a cancer-causing chemical that was found in animal feed. EU-imposed restrictions on agricultural products from Belgium crippled the country's food supply.

On June 23, King Albert asked victorious Flemish Liberal leader Guy Verhostadt to create a new six-party coalition government between Flemish and Francophone Liberals, Socialists, and Greens.

Reporter's Notebook: Analyzing the New European Parliament

At first sight, center-right parties across Europe cheered the result of European Parliament elec-

tion, which for the first time in twenty years allowed the conservative coalition of the EPP (European Peoples Party) to replace the Socialists as the largest single block in the 626-seat body.

But the apparent lead of 224 conservatives in the EPP against 180 in the PES (Party of European Socialists) was misleading. The United Kingdom's thirty-six Tories have embarked on a long internal debate whether they would remain be part of the EPP center-right block, and the thirteen French Gaullists oppose the single currency or any further integration.

But if the center-right's dominance was in question, the PES would still be unable to build a majority even with the support of the Liberals, Greens, and the Left.

So the new European Parliament looks to be a fluid body, marked by temporary alliances and makeshift coalitions around specific issues, and will find it difficult to speak or act as one. The Parliament's authority has also been severely dented by the dismayingly low turnout of European voters. There has been a gentle decline in turnout from 63 to 59 to 57 percent over the past twenty years, but this time it collapsed to less than 45 percent.

That makes it difficult to claim a serious mandate for the European Parliament, the EU's only elected body, even though the new Parliament has far more powers than its predecessors. Never have so few been given so much power with such a diminished mandate.

The 626 new MEPs from the EU's fifteen nations now have for the first time the power of veto over almost all European affairs. Having displayed its teeth by forcing the mass resignation of all twenty commissioners in March, the EP also has the power to veto nominations from the heads of government for the Commission presidency.

The Amsterdam Treaty, which came into force on

May 1, endowed the European Parliament with powers of co-decision over all EU legislation and regulation except for agriculture and foreign policy. Even in these two areas, the EP has wide influence.

The mad cow crisis also gave the EP wide new authority over food quality and safety standards throughout Europe. In reality, little serious farm policy can be agreed without the approval of MEPs. And foreign policy needs money, like the proposed \$4.5 billion a year for the postwar Balkan stability pact, and MEPs have to approve the EU's budget and also judge whether taxpayer funds have been properly spent.

This means that MEPs will have to agree if the EU is to continue being the world's biggest donor of development aid and humanitarian assistance. They will have to endorse the final agreements that are supposed to start bringing in new EU members from Eastern Europe during this Parliament's five-year term. MEPs will have the final say over hundreds of items of everyday life, from the maximum noise of lawnmowers to car emission standards, from maximum working hours to whether extra hormones or genetically-modified organisms can get into Europe's food.

They do this through a uniquely European system called co-decision, which means that all new laws and regulations have to be approved, line by line, by both Parliament and Council. If they disagree, they go to a conciliation procedure to hammer out a compromise. If they fail, the proposal fails. The last Parliament had powers of co-decision in fifteen areas, including consumer affairs and transport policy. The new one has co-decision powers in thirty-eight areas, including social and employment policies and rules on transparency and open government.

BUSINESS BRIEFS

Europe's leading supermarket chains went on takeover alert after US giant **Wal-Mart**, the world's biggest retailer, swooped on **Asda**, the United Kingdom's third-largest foods group, in a surprise \$10.8 billion move that could soon be followed by forays into other markets on the continent. Wal-Mart first moved into Europe in 1997, paying \$800 million for **Wertkauf** of Germany, followed a year later by the \$660 million acquisition of another German group, **Spar Handels**. But it has upped the stakes by pouncing on Asda, as it was mulling a \$8.5 billion bid from **Kingfisher**, a British retailer.

Wal-Mart's arrival in the UK is expected to trigger moves by European stores to merge in a bid to match the US firm's economies of scale and purchasing power. Wal-Mart dwarfs European stores, with worldwide sales of around \$120 billion in 1998, nearly four times greater than its nearest rival, **Metro** of Germany, which generated revenues of \$31.5 billion.

Wal-Mart's move to bol-

ster its international operations, which account for less than 10 percent of sales, came as European firms also are going overseas. **Carrefour**, France's second-largest supermarket chain, which is competing directly with Wal-Mart in Brazil and Argentina, is now planning to move into the notoriously difficult Japanese market in 2001.

But European stores are now expected to focus on defending their home turf, probably through cross-border mergers and alliances like those of other industries facing US competition.

•••
British Steel and **Hoogovens** of the Netherlands are merging to create Europe's biggest steel maker and the third-largest in the world, prompting speculation that a new round of consolidation in the European market is about to get underway.

The combined group will have sales of over \$16 billion, annual output of 23 million tons, and 66,000 employees, putting it only just behind **Posco** of South Korea and **Nippon Steel** of Japan. And

it is poised to grow more with John Bryant, British Steel's chief executive, stressing the company is still committed to acquiring a distribution company in the US for around \$800 million and the purchase of a state-owned Polish steel maker.

Analysts are forecasting a final round of consolidation of European steel that will leave four or five survivors, including British Steel, Hoogovens, **Usinor** of France, **Krupp** of Germany, and merged groups in Scandinavia and Italy.

•••
Vivendi, the acquisitive French conglomerate, whose bulging portfolio spans sectors as diverse as cable television and electricity supply, has embarked on a new spending spree, snapping up assets from Poland to Milwaukee.

The latest deals include an alliance with **Pathe**, the French television and cinema group, which netted Vivendi a strategic 17 percent stake in **BSkyB**, the British cable television operator in which media mogul Rupert Murdoch has a 40 percent holding. This immediately revived speculation of a possible merger between **BSkyB** and **Canal Plus**, the French cable group in which Vivendi is the main shareholder with 34 percent.

Vivendi also found time to set up a \$2.5 billion deal for a 30 percent equity stake in **Elektrim**, a Polish telecom company, and the \$1 billion acquisition of **Superior Services**, the fourth-largest US solid waste company. The takeover of the Milwaukee-based firm came only three months after Vivendi announced it was buying **US Filter**, the largest US private water company, for \$6.2 billion in the biggest French acquisition in the United States.

Vivendi also suffered a rare setback, losing out in a bid battle for **Emos**, a Chilean water utility, but bounced back as a possible buyer of **One-2-One**, the British mobile phone operator.

•••
 The consolidation of Europe's aerospace industry took a big step forward after **DaimlerChrysler**, the German-US group, won a hard fought battle for **Construcciones Aeronauticas**, (Casa), Spain's state-owned aircraft manufacturer.

DaimlerChrysler will set up a new company in which its aerospace subsidiary **Dasa** will hold 87 percent and the Spanish government the remainder, although it plans to sell out within three years. Manfred Bischoff, Dasa's chief executive, said the deal marked Europe's first genuine cross-border aerospace firm and stressed it would pave the way for further consolidation.

DaimlerChrysler beat strong competition from **British Aerospace**, newly enlarged by its acquisition of **Marconi**, a British defense electronics group, France's **Aerospatiale**, which recently listed its shares, and **Alenia**, the aircraft subsidiary of **Finmeccanica**, the Italian state holding concern.

Dasa and Casa together employ more than 53,000 people at thirty-five production plants in Germany and Spain and earned a combined 1998 net profit equivalent to \$624 million on revenues of \$10.2 billion.

The new group will be the largest shareholder in **Airbus**, the European aircraft consortium, its 42.1 percent holding topping **Aerospatiale's** 37.9 percent share and **British Aerospace's** 20 percent stake.

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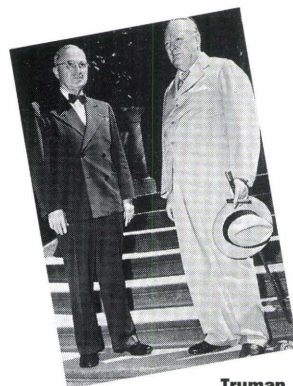
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The Search for a Common Foreign Policy



Truman and Churchill meeting in Potsdam after World War II to discuss Europe's reconstruction.

Some American commentators have confidently stated that the European Union will never have a common foreign and security policy, still less the single telephone number that former secretary of state Henry Kissinger used to say he wanted for his diplomatic dealings with Europe.

But "never" is a dangerous word to use in politics, and experience suggests it is also unwise to

apply it to the tortuous process of European integration. Although the unification process often moves crabwise and sometimes backward, it has consistently reached most of its objectives, though admittedly not always on time. Now, from an unexpected quarter, the war in Kosovo has suddenly injected a new sense of urgency into the efforts to create a common foreign and security policy. European leaders have been shocked by the inadequacy of their disparate armed forces in the crisis and by the extent of their dependence on uncertain US leadership.

That painful awakening led to big steps forward. At their summit

meeting in Cologne in early June, the EU's leaders took a series of ambitious decisions intended to bring foreign and security issues into the framework of the EU institutions and approved plans for combined, if limited, EU military operations in future emergencies in Europe.

Underlining their new found readiness to press ahead, they appointed a high-profile international official, Javier Solana of Spain, the NATO secretary general, to the new post of European high representative for foreign and security affairs.

There are good reasons why progress in foreign and security policy should have lagged behind most other fields of cooperation. The integration strategy adopted by the European Union's founding fathers called for economic unification to precede political union.

In the EU's formative years, the importance of that sequence was dramatically demonstrated by some bad experiences in the field of common foreign and defense policy—after which the very words "common foreign policy" remained taboo for almost forty years.

The first unhappy experience came in the early 1950s, even before the establishment of the original six-nation European Economic Community, when the French parliament rejected plans

By Reginald Dale

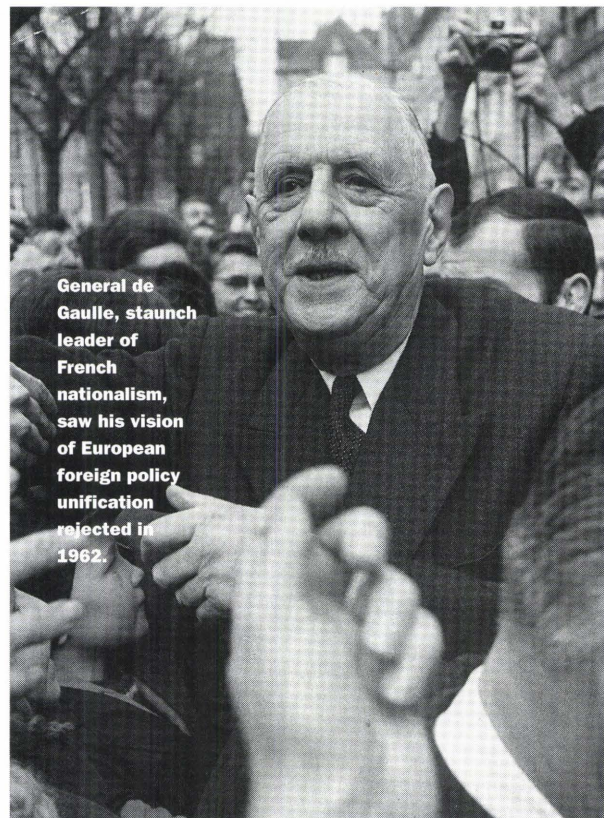
The Past

As the great enterprise of European integration has struggled forward over the past half century, its grandest ambitions have always attracted skepticism. Sometimes the skeptics have been right, more often they have been wrong, or at least behind the times.

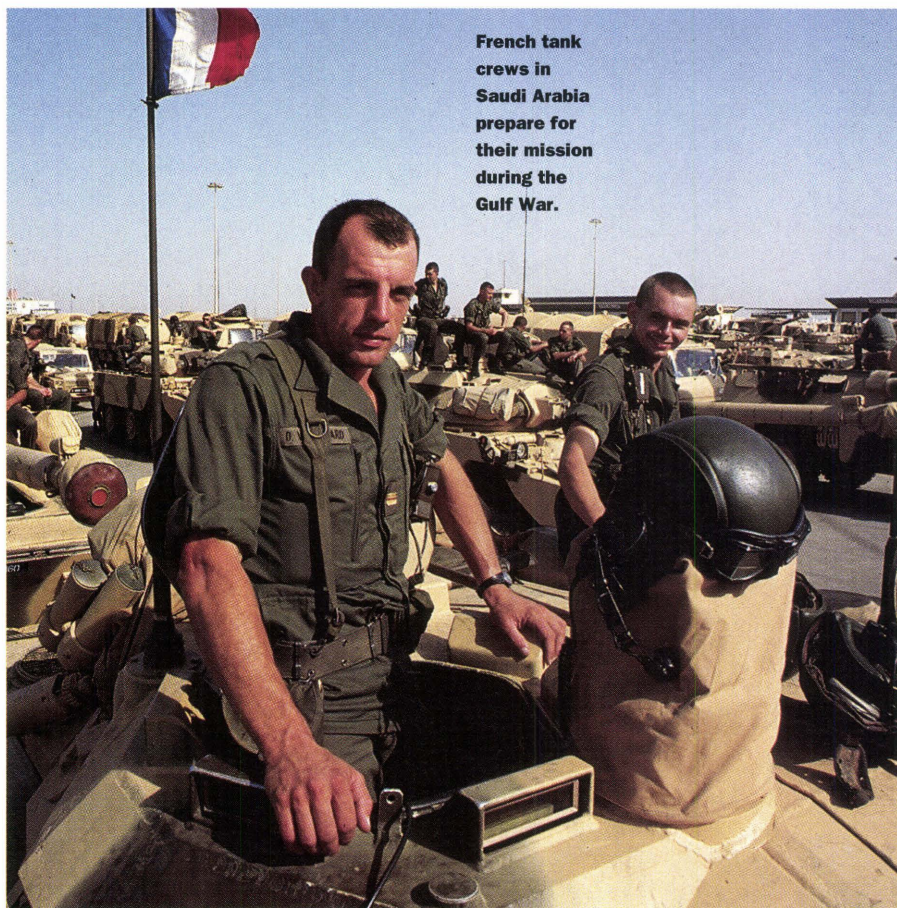
But perhaps no project has engendered more doubts and disbelief than the attempt to create a common foreign policy, in which the member states of the European Union would ultimately speak with a single voice in world affairs.

Those doubts have hardly been alleviated by the EU's plans, first officially formulated in the early 1990s, to include security policy in the search for common positions.

The skeptics ask how fifteen proud nations with such different cultures, histories, and interests could possibly reach common ground on the vital issues of foreign and security policy that lie at the heart of national sovereignty.



General de Gaulle, staunch leader of French nationalism, saw his vision of European foreign policy unification rejected in 1962.



French tank crews in Saudi Arabia prepare for their mission during the Gulf War.

for a European Defense Community.

The plan had been hatched by the six countries that would subsequently go on to found the EEC—France, Germany, Italy, Belgium, the Netherlands, and Luxembourg—in the hope of creating a common European army under the aegis of a European political community with federal institutions.

Against the background of the beginning of the cold war and the Korean War, the aim was to create a framework that would allow German rearmament without rekindling the fires of German militarism. German rearmament, of course, eventually went ahead, but the call for a common European army was far ahead of its time.

The next attempt—the so-called Fouchet Plan launched by France under President Charles de Gaulle in 1961–62—was equally ill-fated, for virtually the opposite reasons. This time France's partners rejected proposals designed to lead to a unified foreign policy and coordinated defense policies.

While the French parliament felt the proposed defense community went too far in a federal direction, France's partners thought the Fouchet Plan did not

go far enough. They found the plan too intergovernmental, leaving too much power in the hands of national capitals, especially Paris. They also feared it might threaten defense links with the United States in NATO.

Following those two failures, the next attempts were more modest. In 1970, the six began cooperation on foreign policy, by means of closer links between their diplomatic services, in order to strengthen their solidarity on major international issues. The process was known as European political cooperation (EPC).

But the process yielded few spectacular results in the 1970s. It was not until ten years later that the political and economic (not military) aspects of security were included in EPC, and it was not until the mid-1980s that steps were taken to give EPC a formal structure, including a secretariat.

From 1970 to 1986, European diplomacy was harmonized through informal agreements, with France insisting on keeping the process intergovernmental, not subject to normal Community disciplines that would have reduced the influence of national capitals.

Foreign policy cooperation finally began to get serious in the mid-1980s, when the Single European Act relaunched economic and political integration after years of near-stagnation. In addition to setting up the EU's single market, the act, which came into force in 1987, formalized the EPC system.

The act provided for meetings of foreign ministers at least four times a year, regular meetings of the political committee (composed of the political directors of the national foreign ministries) and a separate EPC secretariat. A reference to closer cooperation on security questions was included for the first time in an EU treaty.

Foreign policy cooperation remained a matter for national governments, outside the regular EU institutional framework. Nevertheless, both the Commission and the European Parliament were drawn somewhat closer into the process, with provisions for the Commission to be "fully associated with the proceedings," and the Parliament to be kept regularly informed.

The member countries undertook to work toward "the convergence of their positions and the implementation of joint actions." But it was not until the Maastricht Treaty on European Union, which came into force in 1993, that a more solid structure was built on these foundations. That treaty is the basis for most of today's foreign policy and security cooperation.

The Present

The early 1990s, with the Gulf War and the beginning of hostilities in Yugoslavia, gave the EU countries plenty of reasons to believe that common policies were increasingly necessary. The idea that the time was ripe was also fostered by the end of the cold war and German unification, both of which seemed likely to boost the international role of the EU, in Europe if not beyond.

At the same time, the move to a single European market at the beginning of 1993, and the Maastricht commitment to economic and monetary union later in the decade, was giving a new dynamism to political as well as economic integration.

With the cold war over, many Europeans also assumed that the US military presence in Europe would be wound down, making a stronger European defense and foreign policy capability both more necessary and more achievable.

At the start of the troubles in Bosnia, the then Luxembourg foreign minister Jacques Poos gained widespread notoriety by announcing that the "hour of Europe" had arrived. It turned out that it had not—the EU lamentably failed to resolve the Bosnian crisis.

Nevertheless, the EU's efforts to present a common front to the world intensified. The Maastricht Treaty set one of the Union's objectives as "the implementation of a common foreign and security policy, including the eventual framing of a common defense policy."

European political cooperation had been implemented by means of consultations, information exchanges, and the issuing of joint declaration.

Now, following Maastricht, the EU governments are actively pursuing the more demanding aims of agreeing "common positions" and implementing "joint actions." The Amsterdam Treaty, which came into force in May, added a loosely defined concept of "common strategies."

CFSP activities have included moves to encourage the settlement of border disputes among Central and East European countries, monitoring elections in Russia and South Africa, dispatching humanitarian aid to Bosnia, administering the Bosnian city of Mostar, and supporting the Gaza-Jericho agreement in the Middle East.

Special envoys have been appointed to represent the Union in the Middle East peace process and to help resolve crises in Africa's Great Lakes region and in the countries of former Yugoslavia.

None of these activities has had a huge impact on the course of world events. Even the most ardent supporters of the CFSP would admit that the EU has not proved terribly effective in the major areas in which it has sought to play a role, especially Bosnia and the Middle East.

In Bosnia, the key diplomatic and military players turned out to be the United States, NATO, and the United Nations, not the European Union. In the Middle East, Israel and, to a lesser extent, the US has successfully kept the

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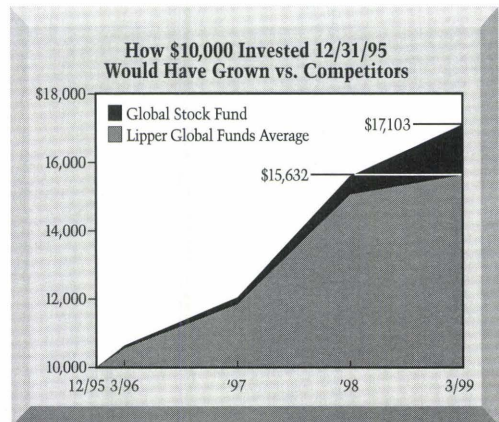
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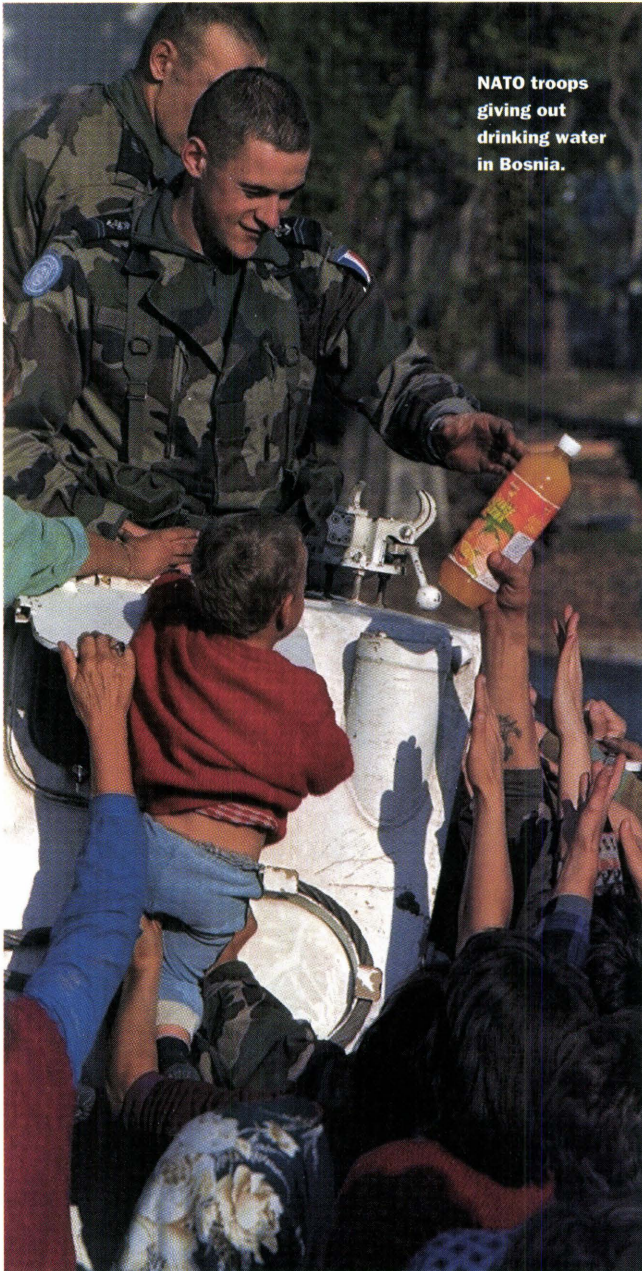
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NATO troops giving out drinking water in Bosnia.

EU at a safe distance from the heart of the peace process, correctly assuming that the EU is more sympathetic than Washington to the Arab point of view.

The EU's policymaking has suffered from a lack of clear definition of the EU's interests and objectives, as opposed to national interests. Some Europeans fear a pattern is emerging in which the United States makes the main geopolitical decisions and Europe pays for them.

The EU is by far the main provider of humanitarian assistance to the former republics of Yugoslavia and of economic aid to Russia, the countries of Central Europe, and the Palestinians. It is the main source of international de-

velopment aid and will inevitably have to bear most of the cost of rebuilding Kosovo.

That is at least partly a reflection of the fact that the EU is much more credible as a commercial and economic power on a world stage than as a political player.

The EU's efforts to assume a political role have been handicapped by awkward institutional arrangements, designed to separate the CFSP from the usual EU decision-making process with its greater limits on national sovereignty.

Those arrangements have now been simplified: The general principles of the CFSP are defined by EU leaders meeting in the European Council. Decisions are taken in the Council of Foreign Ministers, who must act unanimously except in the implementation of some joint actions.

However, the aim is still to prevent national governments being overruled on sensitive foreign policy issues—the consequence of which, in the past, has been to give every and any member state a veto over the formulation of a common position.

The Amsterdam Treaty seeks to resolve that problem with the introduction of the concept of “constructive abstention.” Henceforth, a member state that does not like a proposal can abstain and not be obliged to apply the resulting decision. But the abstaining government must accept that the decision commits the Union and must refrain from doing anything that would conflict with the EU action.

The Future

The war in Kosovo has injected a sudden note of reality into some of the more abstruse discussions of the common foreign and security policy. Many European leaders are making clear they see the crisis as a decisive test of their ability to purge Europe of its old nationalistic demons and present a common front to the world in the coming century.

Joschka Fischer, the German foreign minister, has gone so far as to describe the hostilities over Kosovo as a “unification war” that will lead to a much more united Europe. The war will oblige Europeans to grasp the need for a common defense, as well as for the expansion of both NATO and the EU to incorporate most or all of Central and Eastern Europe, he says.

Romano Prodi, the president-designate of the European Commission, has even revived calls for a European army.

Work is underway in Brussels on a new pact aimed at stabilizing southeastern Europe by drawing the countries of the Balkans closer to the EU, with the possibility of membership in the distant future acting as an incentive for the hostile ethnic groups to learn to live together.

It is a huge task, involving the creation of civilized market democracies in the region virtually from scratch. It will be a major test for the CFSP, as will the efforts to create a more integrated and more independent European defense capability that many European leaders are now urging. Rudolf Scharping, the German defense minister, says that Europe must acquire its own major military assets, such as satellite reconnaissance and airlift capacity, for which it is currently obliged to turn to the United States. The same proposal has been made by other leading Europeans, although few of them have yet begun to tackle the issue of how such grandiose plans should be paid for—and whether European taxpayers are prepared to foot the bill.

Nevertheless, there is no doubt that Kosovo has given a big boost to proposals for integrating defense policies more closely into the EU structure. Plans are afoot to fold the Western European Union, the long-dormant European defense cooperation forum, into the EU, thus giving the Union a formal defense dimension.

Another consequence of Kosovo is likely to be that cooperation on defense policies will now take over the lead from foreign policy coordination as the driving force of the CFSP.

After a May meeting in Bremen, northern Germany, the WEU's defense and foreign ministers said they were now committed to "the development of an effective European defense and security policy."

Scharping, who chaired the meeting, stressed that the aim was not to replace or compete with NATO but to "strengthen Europe's voice" within the transatlantic alliance.

At their Cologne summit meeting, the EU leaders took these ideas a step further. In addition to appointing Solana as high representative, a post created by the Amsterdam Treaty, the leaders agreed that the EU should have its own military capabilities to tackle regional crises in Europe, backed by adequate intelligence and strategic planning capacities. They agreed on a number of possible ways for bringing defense into the EU's traditional decision-making process, including the participation of defense ministers in meetings of the Council of Foreign Ministers.

Other proposals include the creation of an EU military committee, composed of military personnel, that would make recommendations to a permanent new political and security committee in Brussels.

Until now, such ideas would have been dismissed as fantasy, implying as they do a central control over defense policies, which is unacceptable both to major member states, like France and the United Kingdom, and to the EU's neutral countries.

Prospects for closer defense cooperation had already begun to improve before the bombing in Kosovo started. Last fall, the United Kingdom dropped long-standing opposition to merging the WEU with the EU and agreed to a joint declaration with France at St. Malo calling for a stronger European defense policy.

Germany, shedding lingering inhibitions stemming from World War II, has been showing growing readiness to play an active European security role—an evolution dramatically underlined by the inclusion of German combat troops in the peacemaking forces in Kosovo.

The United Kingdom, anxious not to



As NATO secretary-general, Javier Solana faced the difficult task of keeping the coalition united. He will face an even greater challenge as the EU's foreign policy point man.

undermine NATO and US leadership, has traditionally resisted efforts to create an independent European defense capability. But Prime Minister Tony Blair is now keen to find new areas of cooperation with Europe in order to assert his leadership on the international stage.

With the United Kingdom not among the eleven nations that have adopted the single European currency, the euro, defense is the most obvious field for cooperation, and stronger defense links with Europe are surprisingly popular with British public opinion.

Surveys suggest that the British public is more in favor of defense and foreign policy cooperation with the rest of Europe than it is of the trade and economic cooperation that is the bread and butter of EU membership.

The trend long predates Kosovo. Polling by the United States Information Agency shows that the British have long been highly supportive of European defense cooperation, somewhat less supportive of foreign policy cooperation, and much less favorable to the single currency.

A similar pattern exists in Germany, where public opinion favors foreign policy cooperation most of all and prefers defense cooperation to membership in the single currency. In France, there is much more support for the euro but still higher levels of support for defense and foreign policy cooperation.

For all these reasons, optimists believe it will finally be possible to take big steps forward in foreign policy and defense cooperation. However, it remains easy to be skeptical. Cynics might point out that the climate has been propitious before—as it was at the beginning of the 1990s—and the EU failed to take advantage of it.

But it would be wise not to be too cynical. Only a year or two ago, skeptics on both sides of the Atlantic were predicting that European economic and monetary union would never happen and that the euro would be indefinitely delayed. That was to underestimate the forces driving Europe toward closer integration. Those forces have now been reinforced by Kosovo.

"Kosovo could be our military euro," Ulrich Beck, a professor at Munich University, told the *New York Times* in April. The Balkan crisis, he argued, could create "a political and defense identity for the European Union in the same way as the euro is the expression of economic and financial integration."

That may be a little overambitious. But at least, with Javier Solana's appointment as 'Mr. CFSP', the EU now has someone to answer the telephone when Washington calls. ☎

Reginald Dale is a columnist for the International Herald Tribune.

Mr. Foreign Policy

EU leaders choose **Javier Solana** as their foreign policy point man.

It was a double triumph for NATO Secretary General Javier Solana: in the space of just hours, Yugoslav President Slobodan Milosevic had capitulated to alliance demands over Kosovo, and the European Union leaders had chosen the fifty-six-year-old Spanish Socialist as the EU's first chief of foreign affairs and security policy.

However, after the EU's announcement, Solana made it clear to reporters in Brussels that he was still entirely focused on the job at hand and would remain so until he took up his new post.

"At this very moment," he said, "my unique concern to which I am dedicated and continue to dedicate all my energy is to bring to an end the crisis in Kosovo and do everything possible so that the refugees can return home."

Veteran Solana observers say the statement was typical of the man who throughout his career has always thrown himself wholeheartedly into solving the problem of the moment and reflects his training as a scientist and his many years in government service.

Solana was born in Madrid on July 14, 1942 to a well-off family. At the age of seventeen, he began his studies in physics at the Complutense University in the Spanish capital. But like many young Spaniards of his generation who were beginning to chafe under the Franco dictatorship's yoke, he also got involved in opposition politics.

He joined the Young Socialists and at one point was kicked out of school after becoming a nuisance to the authorities. Solana finished his studies in Britain, where he also polished his English-language skills, then returned to Spain to work as a university teaching assistant.

In the late 1960s, Solana won a Fulbright scholarship for further study at several universities in the United States. He ended up as a physics researcher at the University of Virginia under a Spanish professor who, in 1971, returned to Madrid for a university teaching post and took his young protégé along with him.

Again, Solana ran into trouble with the government and was fired from the university by the education minister. However, he finally got a job as a professor in solid-state physics in 1975, the same year that Franco died.

With democracy returning to Spain, Solana again threw himself into politics and became the close confidant of the rising star in the Spanish Socialist Workers' Party, Felipe Gonzalez.

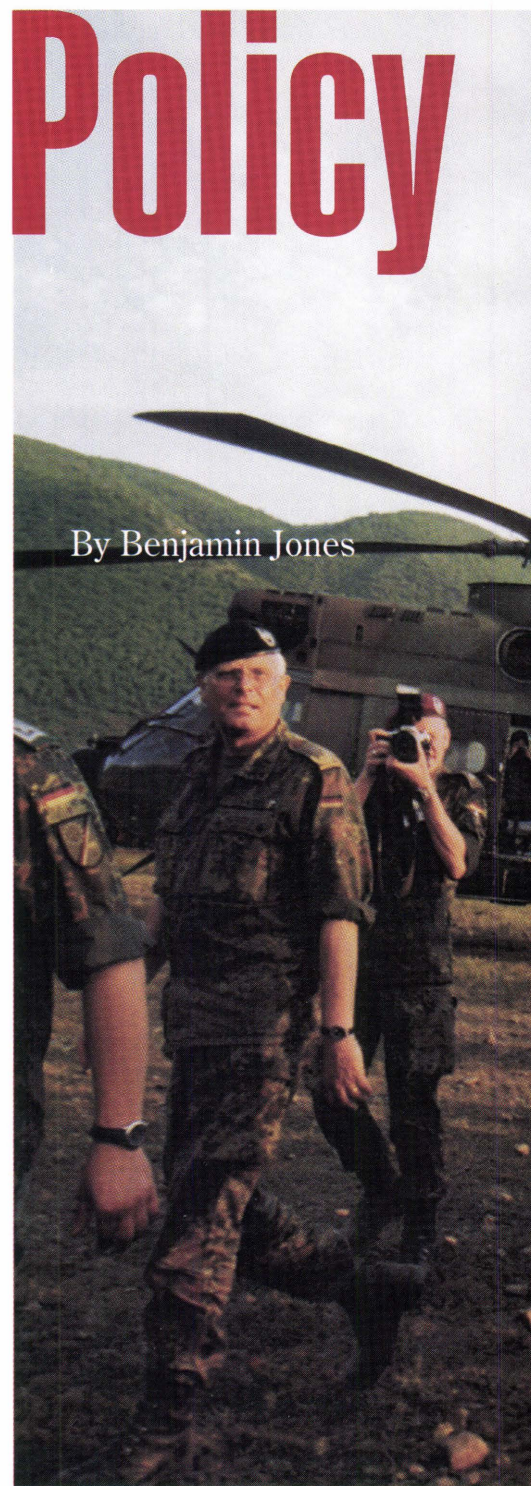
Selected as the party's press department chief, Solana went on to win a parliamentary seat in elections in 1977 and 1979. After the Socialists won the 1982 general elections, the new prime minister, Solana's old chum Gonzalez, named him as culture minister.

It was during these years that Solana, reflecting the general view of the Socialist Party, came out against Spanish membership in NATO, which was then being debated, and made some comments he would perhaps regret when picked to head the alliance more than a decade later.

"We are radically opposed to Spain entering NATO," he told a news magazine in 1981. Two years later, in an interview with the Madrid daily *El Pais*, Solana said he firmly backed other party leaders in their statements against Madrid joining the alliance.

Several years later, when the Gonzalez government was in tense negotia-

By Benjamin Jones



tions with the United States on reducing the American military presence in Spain, Solana threatened to send "a copy of the Constitution to Washington so they can understand what a sovereign nation is."

In 1985, Solana was appointed chief government spokesman, then moved on to take over the Education and Science Ministry. Gonzalez named him foreign minister in 1992.

NATO Secretary-General Javier Solana visited Skopje in May to show support for Kosovo's neighbor the Former Yugoslav Republic of Macedonia.



As Spain's chief diplomat, Solana paid particular attention to boosting Madrid's traditional ties to Latin America and the emerging problems in North Africa, just across the Mediterranean, where Islamic fundamentalism, joblessness, and a despair among the booming youth population were causing concern in Spain.

At the same time, he handled difficult diplomatic questions, such as the conflict-

ing Spanish and British claims to Gibraltar, the developing crisis in Bosnia, Madrid's sometimes-strained relations with Cuba, and Middle East issues.

During this time, he began to become known in Washington. On his first official visit as foreign minister in early 1993, Solana's first appointment was with then-CIA director James Woolsey, who told his guest they had a file on him from his days as a student at

the University of Virginia where he marched against the war in Vietnam.

Nevertheless, his American educational background, excellent English, and refined diplomatic skills won him many friends and admirers in the US government and soon then-secretary of state Warren Christopher was describing the Spaniard as "one of my closest confidants."

Friendships like these stood Solana

in good stead when his name came up on the shortlist for NATO secretary general, and the military alliance selected him for the post in December 1995.

Within days of his appointment, the NATO-led, multinational Implementation Force, or IFOR, moved into Bosnia to guarantee the Dayton peace accords. A year later, that was replaced by the Stabilization Force, or SFOR. During his tenure as NATO chief, Solana visited Bosnia many times and once came under fire from a sniper who hit his armored vehicle while driving through the capital Sarajevo.

There were other challenges for Solana from the fallout caused by the end of the cold war. He headed the tricky negotiations with a suspicious Russia and Ukraine that resulted in partnership and consultation agree-

ments, and he helped bring about the Partnership for Peace program under which NATO consults with, and cooperates on, defense matters with former Soviet republics and ex-Warsaw Pact members.

He also helped direct the effort to bring Poland, the Czech Republic, and Hungary into NATO on its fiftieth anniversary.

It has been a busy four years, and Solana's new European appointment means that he probably will

not yet be able to return to those less- hectic days when as a mere Spanish parliamentary deputy and government minister he enjoyed riding his motorcycle, going to the cinema, and spending quiet evenings with his wife and two children.

Someday, he will probably put it all down in a book. "When I was a little boy, I wanted to be a streetcar conductor and a Nobel prize winner," he once said. "But when I got older, I wanted to be a writer and record all my memories from my various careers." ☺

Martti Ahtisaari

US and Russia turn to EU envoy for Kosovo mission

By Peter Gwin

In early May, with acrimony rising and hopes for a negotiated settlement in Kosovo waning, Secretary of State Madeleine Albright and Russian special envoy Viktor Chernomyrdin agreed that a third interlocutor was needed to jump start the peace talks. The person they were looking for had to have a special combination of qualities: someone the West would trust, someone the Russians would see as independent from NATO, and someone tough enough to stand up to Serbian leader Slobodan Milosevic. Given these criteria, the leaders readily agreed that President Martti Ahtisaari of Finland was their man.

The Finnish president, who cuts a round, Helmut Kohl-esque figure, offered something for both Russia and the US to like. He had played an intermediary role between the two powers in talks about NATO expansion. His country, although democratic and capitalistic, had elected not to join NATO and had maintained strong economic ties with Russia after the end of the cold war. Most appealing, however, both Albright and Chernomyrdin knew Ahtisaari to be a tireless negotiator who knew how to make a deal.

In retrospect, the sixty-one-year-old Ahtisaari appears to have been preparing his whole career for his role as Kosovo's peace broker. Born in 1937 in what was then the Finnish town of Vipuri, he was eight years-old when his hometown was part of territory ceded to Russia after World War II. The son of a non-commissioned army officer, Ahti-

saari elected not to follow his father into Finland's military, opting instead for a career in education. In 1959, he graduated from a teacher's college in the northern city of Oulu, but before beginning his career as an educator, his sense of adventure led him to a job working in Pakistan for the Swedish Agency for International Development. Six years later, he joined the Finnish Foreign Ministry's newly established Department for International Development Cooperation. Thus began an international career that has spanned more than three decades and has led him to the negotiating tables of some of the world's most difficult international crises.

The groundwork for Ahtisaari's first major success as a negotiator was laid in 1973 when he was named ambassador to Tanzania, a post that simultaneously served as Finland's diplomatic representative to Mozambique, Somalia, and Zambia. During this time, he built up a broad network of African contacts, and in the late 1970s, the United Nations asked him to be the secretary-general's special representative for Namibia.

With a long swath of Africa's southwest Atlantic coastline, Namibia (then known as South West Africa) posed an international quandary. It had been a German colony since the 1880s, but after World War I, the League of Nations mandated that neighboring South Africa would administer the territory. In the wake of World War II, the newly formed UN inherited authority over the region. South Africa, however, rebuffed the organization's requests to

Within days of Solana's appointment, the NATO-led, multinational Implementation Force moved into Bosnia to guarantee the Dayton peace accords.



Finnish President and EU envoy Martti Ahtisaari addresses reporters at the EU summit in Cologne.

place Namibia under a trusteeship. During the 1960s, the European powers granted their African colonies independence, and in 1966, the UN General Assembly finally revoked South Africa's mandate over the territory. Nevertheless, South Africa refused to relinquish control. As political pressure continued to grow throughout the late 1960s and 1970s, the South African occupiers faced a military threat, as guerrillas from the South West Africa People's Organization (SWAPO) began mounting attacks from bases in Zambia and Angola.

Beginning in 1978 and for the next thirteen years, Martti Ahtisaari was the UN's point man during arduous negotiations to implement Namibian independence. Finally, in 1989, he headed the UN's Transition Assistance Group, which saw South Africa withdraw its forces, political prisoners granted amnesty, discriminatory legislation repealed, and some 42,000 refugees returned. At the end of the relatively peaceful transition period, Namibia held its first free and fair elections and made Ahtisaari an honorary citizen.

In 1991, Ahtisaari returned to Finland

to become secretary of state. But a year later, the UN called him to another major international challenge. The lead Bosnian negotiators—Lord Owen and Cyrus Vance, representing the European Community and the UN, respectively—asked Ahtisaari to head a working group of the International Conference on the Former Yugoslavia. “We needed his experience badly,” Owen wrote in his memoir *Balkan Odyssey*. “He became our anchorman in Geneva in negotiations with the parties in Bosnia-Herzegovina....” In this role, Ahtisaari led the effort to draft a plan that would divide Bosnia into a series of autonomous provinces and allow for the return of all refugees. However, the final version of the Vance-Owen peace plan ultimately proved unworkable as Western governments differed on various points, and Milosevic and the Serb leaders were able to exploit these differences. However, that frustrating experience would prove valuable to Ahtisaari during his role in the Kosovo peace process.

Having spent virtually his whole career in the foreign service, Ahtisaari had never played an active role in Finnish politics, although his views were known to be aligned with the center-left Social Democratic Party. In 1994, Finland was preparing for its first direct election of a president (previously electors had chosen the president). The SPD's Kalevi Sorsa appeared to be a lock as the party's presidential candidate; however, a faction within the party urged Ahtisaari to run. To the surprise of Finland's political establishment, he won the SDP nomination and went on to launch a powerful grass roots campaign that caught the imagination of an electorate that was frustrated with Finland's so-called career politicians. His international successes, enhanced by his image as a political outsider, carried Ahtisaari to victory.

As president, Ahtisaari oversaw Finland's successful referendum to join the European Union, and he continued his work as a peacemaker. In 1995, he participated in the OSCE discussions regarding the conflict in Nagorno Karabakh, and two years later, he hosted a US-Russian summit where President Clinton and President Boris Yeltsin discussed NATO expansion.

Although Albright and Chernomyrdin knew they had the right third negotiator in Ahtisaari, the Finnish president did not readily agree to travel

to Belgrade. Having learned from his Vance-Owen experience, he knew that all the parties had to be committed to a plan before dealing with Milosevic. First, he told Albright and Chernomyrdin, the US and Russia had to agree to a plan for resolving the conflict. After weeks of difficult negotiating sessions that included Ahtisaari, Chernomyrdin, and Deputy Secretary of State Strobe Talbott, the two sides narrowed their differences enough to hammer out a mutually acceptable plan. With the proposal in hand, Ahtisaari and Chernomyrdin—nicknamed by State Department officials “the hammer and the anvil”—flew to Belgrade to present Slobodan Milosevic with a take-it-or-leave-it offer.

On June 3, Ahtisaari flew to Cologne, Germany, with Milosevic's answer. There, he told EU leaders that the Yugoslav leadership and the Serb parliament had agreed unconditionally to the peace plan.

Ironically, at the pinnacle of his peacemaking career, Martti Ahtisaari faces the lowest point in his political tenure. With Finland's upcoming presidential elections in 2000, his popularity has steadily declined over the past year amid criticism that he was out of touch with the same grass-roots constituency that elected him. Opposition politicians, as well as members of his own party, voiced criticism of his firm support for NATO. In April, he informed Prime Minister Paavo Lipponen, a fellow Social Democrat, that he would not run for the party's nomination, and last month, the Social Democrats chose as its candidate Foreign Minister Tarja Halonen.

Ahtisaari, who is married and has a thirty-year-old son, has not announced his post-presidential plans. Although in June, he told reporters, “There is only one position that would interest me, if I were asked to take it on, which would be the UN representative in [Kosovo].” However, he still has a busy six months remaining in his term as president, which coincides with Finland's term as head of the EU's rotating presidency. Whatever he decides, it would surprise no one in diplomatic circles if in the future Martti Ahtisaari were to show up at a negotiating table to help make a deal for peace. ☺

Thomas Romantschuk in Helsinki contributed to this article.

Kenneth Clarke

Former Chancellor of the Exchequer



and weakens the dollar and as the European economies begin to acquire a little extra strength as they recover. But I do not hold myself out as an expert on foreign exchange markets. My main wish is that it will remain stable and any movements will be gradual.

What would indicate a critical weakness in the euro?

If it became an extremely unstable currency and was traded so erratically that its value, vis-a-vis the dollar, began to move overdramatically. But I don't think we've reached the stage of economic knowledge where the authorities

EUROPE managing editor Peter Gwin interviewed the United Kingdom's former chancellor of the exchequer Kenneth Clarke during his recent visit to Washington. Mr. Clarke, who served in both the Thatcher and Major governments and continues to be a leading voice within the opposition Conservative Party in Parliament, discusses the euro's beginning, the UK's future in Europe, and the state of the EU on the eve of the millennium.

What are your impressions of the euro's first four and a half months?

The euro's got underway remarkably smoothly. The transition threw out no serious problems; it's becoming an accepted fact. The best thing about the euro is the lack of excitement about its steady introduction and its growing use. It puts into perspective some of the overheated debate that took place in the run-up to its commencement. The only thing about the debate about the euro, particularly in the United Kingdom, is that people are already trying to form judgments about its success or its failure. Firstly, I think most people who asked the question whether it would be a success don't define clearly what they mean by the success or failure of a currency. Sec-

ondly, if you can define it, five months is far too soon to form settled views of what role the euro is going to play. But it's just growing in its role and plainly, in my opinion, going to be the second world reserve currency.

What is your response when people ask about the euro's weakening, from January to now?

It surprised me that it weakened because I thought it might strengthen a bit. It is, of course, not as weak as the basket of currencies it replaced in 1997. It's fallen back from the peak that the old currencies reached in the summer of 1998. Business in Euroland—in the eleven members of the euro zone—is relieved that it's weakened a little because it gives an added stimulus to growth at a time when several of the economies are faltering rather seriously. There would have been considerable alarm in the European business community if the euro had strengthened.

The 10 percent weakness is of no great account and is probably beneficial. The danger would be if it became volatile in its relationship with the dollar, but so long as it settles down, that doesn't matter. I still personally expect it to strengthen a little over the next year or two as the US trade gap widens

know quite what they can do to influence that in any event. People in the UK talk about the stability that the sterling has against the dollar as opposed to European currencies. That is a myth. In my time as a minister with Mrs. Thatcher and Mr. Major, I think the pound swung from one dollar equals one pound—we almost reached that—to three dollars equals one pound. Modern foreign exchange markets can go through periods of great volatility. And insofar as the authorities in the United States and in Euroland continue to pursue stable, sound economic policies, one hopes you'll produce a reasonable stability in the exchange rate between the two. But today's foreign exchange markets are very lively and they go through periods of neurosis and when they correct, they sometimes overcorrect.

When and under what circumstances do you envision the UK joining the euro?

The government intends to take us in in about 2002, I think. And their very clear strategy is to win a general election in 2001 and then have a yes vote in the referendum about six months after that. I'm an opposition politician, so I would warn the government that carefully laid

plans of political strategy two years out don't always work out because unforeseen events throw you off.

We do need to have more convergence between the UK economy and the continental economy before we join, but that might emerge quite soon because we've gone flat, and now we're beginning to pick up again. Most of the continental countries have a fitful recovery, which is strengthening, so we could be reasonably convergent by then. The exchange rate has got to come down, because the pound could not enter the euro at its present exchange rate without lasting damage to our competitive position in the euro market. Subject to that, the economic conditions could well fall into place quite soon. Then it's the political question about how to fight a referendum.

I do think the Blair government is somewhat risk averse, and we're likely to do things that are not obviously going to be popular. The government will have to pluck up their courage and campaign more vigorously and give the public a clearer lead about the desirability of going to the currency to get a yes vote.

Having said that, I'm fairly convinced that the British public regard our entry into the currency as inevitable and that it should be fairly easy to get a yes vote in the referendum and achieve a smooth entry into the euro at whatever time the government thinks is politically convenient. The whole thing is in the hands of the government—where, when, and how they decide to push the thing forward. I haven't the slightest doubt that Tony Blair, [Chancellor of the Exchequer] Gordon Brown, and all the key players in the government are totally committed to getting Britain into the euro. They just don't always take my advice about how to do it.

It seems like some of your biggest battles might be with some members of your own party.

My own party is in the hands of Euroskeptics. It's led by Euroskeptics, and it's very hostile to joining. The official policy of the Conservative Party is that we are waiting to see whether to join, but we won't make our minds up for two full parliaments, which means for about the next six or seven years. In a

referendum campaign, the Conservative Party has agreed that we will be on both sides of the argument. People like me will almost certainly be campaigning for a yes vote, and the leadership of the party will be campaigning for a no vote with the support of the Murdoch press and one or two other right-wing newspapers. The business community, the trade union movement, and virtually the whole of the Labor and Liberal parties with a large section of the Conservative Party will be campaigning for a yes vote. It all depends on the circumstances at the time, but I'm reasonably confident that it will be won quite easily by the pro-Europeans.

With which constituencies is the euro's support strongest and weakest?

The present opinion polls show the public as a whole hostile to the euro. The trouble with opinion polls is they don't measure the depth of conviction, so you can easily poll people and demonstrate that they genuinely would like to know more about it and they are open to persuasion. Very few people give you an emphatic view.

My broad-brush platform view of British public opinion is that 20 percent of the British public are fiercely Euro-skeptic and wish we had never joined the European Union and want to leave it. About 20 percent of British public are pro-European, believe in the European project, and would like us to get very much more involved in it. Sixty percent are in between and open to arguments about pragmatic politics of their own personal interest. The people who will try and persuade the vote yes will be largely the business community, the New Labor politicians, professional and educated officials of the community, who the opinion polls show are more pro-euro. Against them will be largely right-wing nationalists and the right-wing press.

The Conservative right is strange nowadays. In my own years in politics, the Conservative right wing was total blimpish and always attracted by an organization called the League of Empire Loyalists. There are a few of those left, and a lot of the Euroskeptics will start reminding you of the [Second World] War if you discuss things at great length. But there was a kind of element, very close to the American Republican new right, who are the most formidable

opponents of European membership and of the European currency, and they're quite strong. But they don't have a big appeal to the general public.

And they draw their strength mainly from where?

Sections of the business community with Asian or American interests, nationalists—English nationalists—who are rather resentful of our role in the world, who feel the world doesn't understand us. And right-wing newspaper proprietors, who are very influential because they own large, big circulation dailies.

In the meantime, how does the UK shape monetary policy in Europe from the outside?

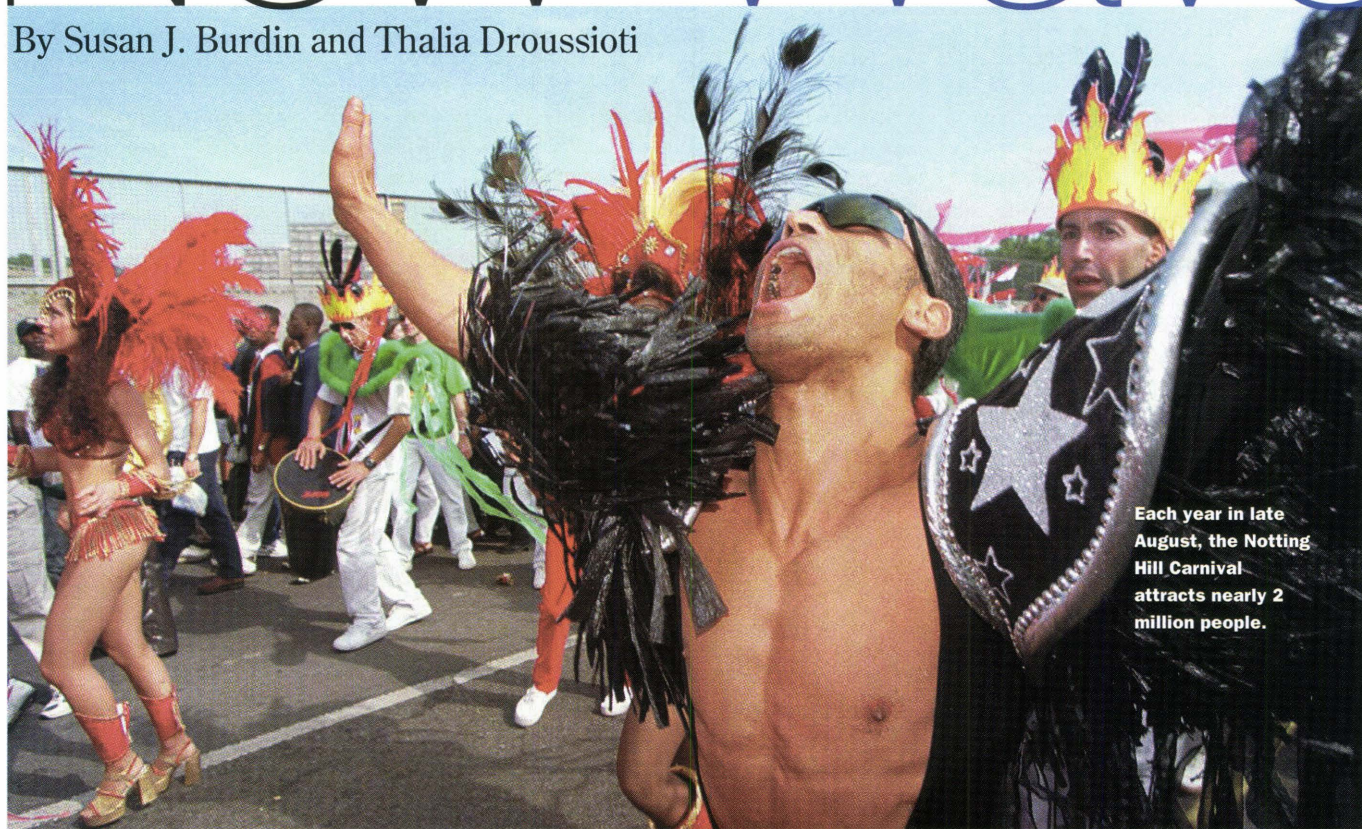
I am rather skeptical about the desirability of running our monetary and fiscal policy too much with an eye to entering the euro. It's got to be one of the elements in British economic policy-making that we consider a safe landing into the euro. But when setting interest rates, we should continue first and foremost to be bothered about our own inflation repressions. And fiscal policy should be aimed first and foremost at our own—the soundness of our own public finances.

Looking at the EU on the eve of the millennium, what would you say are its main strengths and main weaknesses?

The EU's main strength is it has become a more serious global player and it's on its way to becoming a stronger, more effective partner for the United States in the new century. Its biggest weakness is there is too much on the agenda. The agenda should be dominated by enlargement, which is the most important task for the next few years. We have to move on from the end of the cold war and start consolidating—democracy, liberal economics, stable institutions in Central and Eastern Europe.... And the other weakness of the European Union is it still has got to reform its institutions. I hope Romano Prodi, for whom I have a great admiration, produces a much stronger and more effective Commission. Decision-making in the Council of Ministers has got to be improved. The European Parliament is getting stronger, but it's still got to decide how to use its greater powers. ☹

New Wave

By Susan J. Burdin and Thalia Droussioti



Each year in late August, the Notting Hill Carnival attracts nearly 2 million people.

Move over Knightsbridge and Kensington High Street, London's new hot spots are attracting tourists and Londoners alike who don't mind taking a walk on the wild side. If you prefer the quirky climes of Greenwich Village over the refined air of Manhattan's Upper East Side, or the festive feel of the Latin Quarter over the affluent ambience of the Champs-Élysées, then you'll appreciate these lively locations.

The new romantic comedy *Notting Hill*, starring Julia Roberts and Hugh Grant, is giving a boost to one of London's less touristy areas located in west London, which is just a ten-minute tube ride away from the West End. As the movie depicts, you won't find a Harrods here, but you will find a maze of streets lined with markets selling all kinds of paraphernalia from plastic toilet brushes to vintage clothes any day of the week. On Saturday mornings, Portobello Road

becomes a hive of activity at around six a.m. as more than 1,000 market dealers set up shop for the crowds who come looking for bargains. Along with the open-air markets, Notting Hill is filled with pubs, cafes, restaurants, and shops to explore.

The money-losing travel bookshop owned by William Thacker (played by Grant) in the movie is actually modeled on the more profitable the Travel Bookshop, which has been located at 13-15 Blenheim Crescent since the 1980s. As you can imagine, the movie has generated quite a bit of interest in the shop, and Jim Blackburn, the shop's manager says that "sales were up by a third the first week after [the film's] general release. Our window is creating a massive amount of interest, containing, as it does, copies of the screenplay." As for the movie's depiction of the neighborhood, Blackburn says, "Notting Hill itself is a strange mixture; council [subsidized] houses sitting right next to

million-pound mansions...I'm afraid the movie didn't reflect this, though I don't believe it set out to." You can check out the bookstore for yourself at www.thetravelbookshop.co.uk. The neighborhood features other specialist bookshops as well. Books for Cooks, Garden Books, and others are clustered along Blenheim Crescent, which Jim Blackburn describes as "something of a toy town appearance...little shops all with very definite color schemes, selling everything from ceramic pots to spices to quilts to books."

Although the film focuses on the more conservative, middle-class lifestyle, the Notting Hill community is in fact more diverse in ethnicity and social status. Expect to see as many Caucasians sporting dreadlocks as you would West Indians or an impoverished art student shopping side-by-side with a wealthy movie star—the likes of "Anna Scott" played by Roberts in the movie.

In the summer, you can sample a

London

From Notting Hill to Camden Town: Superstars, street markets, and salsa

West Indian arts and street festival with all its Caribbean flavors, such as the Notting Hill Carnival. The streets around west London are closed to accommodate the huge procession of colorful floats and costumed mas' bands gyrating to soca and other music, live stages, parading steel bands, and food stands, not to mention the nearly 2 million people who will attend. The organizers say, "the Notting Hill Carnival portrays the true Notting Hill, the cosmopolitan Notting Hill that is neither elegant nor suburban, but a vibrant, thriving inner-city area whose people get together two days a year to create what has to be 'the greatest show on earth.'" This popular event has taken place yearly since the swinging 1960s and will be held this year on August 29 and 30—a holiday weekend in the United Kingdom. The carnival is a celebration and appreciation of Afro-Caribbean culture, music, and food, which is all a part of the new wave London. There will be no need to ask for directions, just follow the crowds, the sounds of the music—calypso, soca, reggae, house, garage, funk, and soul—and the wonderful smells of exotic foods wafting through the streets.

For another glimpse of London's cultural diversity, take the tube to nearby Camden Town located in the heart of north London, where you'll discover a galaxy of new wave Londoners. Even on a cold and rainy Saturday afternoon, you can step off the tube at Camden Town and have to negotiate your way through the crowds of people in the streets. Camden Town is one of the liveliest places in London and even more so on weekends, when you can walk two miles of

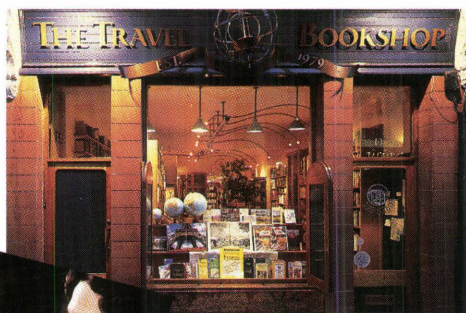
street markets. The market stalls offer anything from second-hand clothes to designer apparel, furniture, African art, natty scientific inventions, jewelry—you name it and you can buy it from Camden Town market.

Best of all, however, is the atmosphere of the place with aspiring musicians jamming on the streets—it could be reggae or classical jazz, hard rock or opera. Essentially, you go to Camden Town to hang out and people watch. It's cool, it's hip, it's full of London's trendiest people dressed in an array of fashions, but above all it's an integrated mixture of every possible nationality on earth—perhaps best exemplified by its large number of mixed race couples.

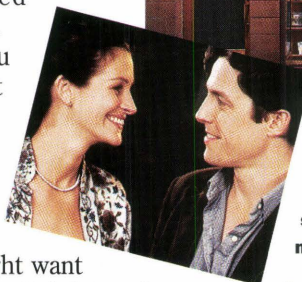
If you fancy a night out on the town and are feeling a little adventurous, you might want to sample the city's latest dance craze—salsa. This is the fastest growing dance scene in London. You can find a salsa venue equipped with an instructor seven nights of the week anywhere in London. The music will make you want to dance even if you have two left feet. It combines people of all ages and nationalities, all with one thing in common—the love of salsa. Classes last an hour or two, and then the venue turns into a late night swinging salsa club, where you can continue to strut your stuff and show off what you have just learned. These are probably the hottest clubs in town simply because everyone dances. On

a typical salsa club night, you may find yourself dancing with a window cleaner, a doctor, a journalist, a grandmother, or a cab driver.

And if you get hungry along the way, London is equipped with a plethora of international cuisine. Eating fish and chips out of newspaper wrappings or having tea at the Ritz is still an option, but now there's a range of trendy restaurants to tantalize your taste buds. The choice is yours. There are the likes of the *extortionate* west London restaurants like *Nobu*, which boasts an exquisite



The Travel Bookshop, made famous by the movie *Notting Hill* starring Julia Roberts and Hugh Grant, is one of several specialty bookstores in the neighborhood.



Japanese cuisine, or south London's West Indian takeaways, which offer fabulous home-cooked Jamaican specialties at value-for-money prices.

So, if you are visiting London and looking for the historic British stiff-upper-lippers, look again. London is a colorful city, filled with a dynamic, multicultural society and lots of interesting areas to explore. And if you are lucky, you might spot a movie star among the crowds! ☺

Susan J. Burdin is EUROPE's editorial assistant and Thalia Droussiotti is a journalist who lives in London.

TRAVELER'S NOTES

A good place for information on travel (including maps), accommodation, and attractions and events in the UK, is the official British Tourist Authority website at www.bta.org.uk.

The international dialing code for the UK is 011-44.

WHERE TO EAT:

■ **NOBU**, 19 Old Park Lane, W1, tel: 171 447-4747—Delicious Japanese food with South American/Peruvian influence.

■ **PHARMACY**, 150 Notting Hill Gate, W11, tel: 171 221-2442—A popular restaurant decked out like a chemist's shop with servers in surgical gowns dispensing excellent seafood, poultry, and lamb dishes.

■ **THE IVY**, 1 West Street, WC2H, tel: 171 836-4751. If you are looking for celebrities like Madonna and Tom Cruise, head for this restaurant. It is essential to book a table in advance. Eclectic British-international food ranging from English fish and chips to Thai-baked sea bass.

WHERE TO SALSA:

Rumba Pa'Ti at Bar Rumba, W1. Tube: Picadilly Circus

From: 8:30 pm to 3:00 am—Kicks off with two-hour salsa dance class led by Colombian teacher Elder Sanchez—\$10 fee.

Bar Nubia at the Fridge Bar, London SW2. Tube: British Rail: Brixton

From: 9:30 pm to 2:00 am—Free (no classes)

CAPITALS

AN OVERVIEW OF
CURRENT AFFAIRS
IN EUROPE'S
CAPITALS

DUBLIN

FOR FRIEL THE PLAY IS STILL THE THING AT SEVENTY

In past days, there were the Dublin theatrical “seasons” built around the works of George Bernard Shaw, Sean O’Casey, and Brendan Behan. More recently, we have had seasons of Samuel Beckett, Eugene O’Neill, and Harold Pinter.

However, it’s not often that a living playwright sees a festival of no less than seventeen of his works performed over a range of theaters across Ireland’s capital city—and further afield.

But that’s what has been happening—from April to August—to the extraordinary Brian Friel, with an exhibition of the playwright’s letters, scripts, photographs, a conference on his works, pre-show talks, adaptations, new productions, readings, and other events celebrating his seventieth birthday year.

The Abbey Theater kicked off with *The Freedom of the City* and is now staging *Dancing at Lughnasa*; the Gate Theater gave us *Aristocrats*; the Lyric Theater in Belfast performed *Give Me Your Answer Do!*; the South Dublin Civic Theater opened *Lovers: Winners and Losers*, which later moved to the center-city Andrews Lane Theater; the Peacock Theater presented *Living Quarters*, which was followed by *Making History*; and the Royal Shakespeare Company traveled to the Gaiety Theater to perform *A Month in the Country*.

Is this some sort of Friel theatrical mania? Not really. Simply an overwhelming desire by theater managers, actors, producers, directors, writers, and theatergoers to celebrate the remarkable contribution this public, yet intensely private, man has made to Irish and world theater over the past four decades.

Fellow playwright Thomas Kilroy says Friel, a friend since the 1960s, val-



Meryl Streep (center) starred in the film adaptation of Brian Friel’s *Dancing at Lughnasa*.

ues his privacy more than anything else and “genuinely dislikes the hullabaloo of first nights.”

Theater and film producer Noel Pearson, who has been mounting Friel’s plays for more than a decade, says his shunning of publicity does shroud his personal life in mystique, “but I don’t think he does that intentionally, but it does have that effect.”

Pearson, who first persuaded Friel to write *Dancing at Lughnasa* for the Abbey Theater and later produced the film version with Meryl Streep and Michael Gambon, says he is a very shy man, “but not like Beckett. He loves a singsong, puffs away on his cigar....He’s great company.”

Thomas Kilroy, in a special edition of the *Irish University Review* devoted to Brian Friel’s career, observes that “it is as if the public side of the man is totally expressed in what he offers to the stage. The rest is private.”

Friel, the son of an academic, was

born in 1929 in Northern Ireland near Omagh, in County Tyrone, but was reared in the politically and religiously divided city of Derry.

He was a student at St. Columb’s Roman Catholic Grammar, which numbers two Nobel laureates—the poet Seamus Heaney and the politician John Hume—among its illustrious alumni.

He started out as a teacher but swiftly moved to writing and at twenty-one became a contract writer for the *New Yorker*. In the 1950s, after switching to theater, one of his *New Yorker* short stories caught the attention of the director Tyrone Guthrie, who invited him to Minneapolis for a six-month writing sojourn—the longest period he has spent away from northwest Ireland.

In 1964, his *Philadelphia, Here I Come!* (on his frequently repeated theme of Irish exile) became a huge domestic and international success.

In the late 1960s, as sectarian and political violence erupted in Northern Ire-

BRUSSELS

CLUES EMERGE IN THE MYSTERY OF THE MISSING BARD

As cinema audiences throughout Belgium savor the Oscar-winning performance of Gwyneth Paltrow in *Shakespeare in Love*, a Belgian scholar has made a remarkable discovery that sheds light on the previously unknown period in Shakespeare's life. Around 1585, the playwright is believed to have left his home in Stratford-on-Avon, and it was not until seven years later that a hostile pamphlet published in London in 1592 mentions him as an author.

Earlier this year, Frank van Nueshoorn, a local history expert in Antwerp, revealed to the Belgian English language newsweekly, *The Bulletin*, convincing evidence that Shakespeare had lived in this town for six months as a young man of twenty-one.

Poring over old documents in Antwerp archives, van Nueshoorn discovered that Shakespeare had worked in Antwerp as an apprentice with the English Merchant Adventurers in 1587. An entry in the ledgers of the Plantin publishing house revealed that on September 23, 1587 "Willem Shaakspeer" bought a copy of Christopher Plantin's Polyglot Bible. The municipal archives for the same year report that "Shaakspeer" was fined by city magistrates for "bawdy behavior" in a sailors' tavern.

Shakespeare appears to have rented an attic room in the Tuinweg, a cobbled street in the old center of the town. Unfortunately, the medieval house in which he lived was pulled down in 1967 to make way for a modern apartment block. This unfortunate bit of urban renewal has not prevented the Antwerp Tourist Office from planning a Shakespeare walk through the street and winding its way through the district where a sizeable English community lived in the sixteenth century. The tour takes in the stock exchange (the earliest in the world), the English church, and the house where the famous banker Sir Thomas Gresham (author of Gresham's Law that "bad money drives out good") lived for many years.

The walk includes the sixteenth century Pelgrom tavern, where, van Nueshoorn believes, Shakespeare may have started to write his early historical plays. The town will stage a Shakespeare

week in the fall, with productions of *Romeo and Juliet* and *The Tempest*, and an Elizabethan street fair. Gwyneth Paltrow has been invited to open the event.

Further evidence, this time circumstantial, that Shakespeare was indeed in Antwerp in 1587, comes from a contemporary document reporting the murder in the town in 1587 of two German merchants. Their names were recorded as "Ludwig Rozenkranz" and "Pieter Guldernstern," names that Shakespeare gave to two characters in *Hamlet*.

—Dick Leonard

THE HAGUE

TRAFFIC TAKING ITS TOLL

Traffic congestion is a major problem in many countries, and the Netherlands is certainly not an exception. The morning traffic reports get longer by the day, and congested roads stretching the length of the country are not unusual.

The government has been eager to design policies to decrease the congestion, but so far, the results have proved abysmal. Though comprehensive plans for improving the highway system are underway, it seems that every bottleneck that is resolved creates new ones elsewhere.

For a number of years, the government has toyed with the idea of introducing a system of tolls in order to discourage the use of cars, particularly during morning rush hour. The current government, which came into power a year ago, decided to experiment with a limited use of an electronic toll system in the Randstad, the country's most densely populated and busiest region, which comprises Rotterdam, Amsterdam, and the Hague, among other cities. The aim was to introduce a system by 2001 that would automatically charge drivers using the roads during the morning rush hour. Since payment was to be collected electronically, space-consuming toll plazas would be unnecessary and drivers fumbling with change would not slow traffic. Cars would simply pay by passing under electronic toll ports constructed over the highway. By using sophisticated encryption software, the system would also guarantee anonymity.

A test site was constructed and the plan, dubbed 'road pricing' (to avoid using the 't-word'), seemed to be moving forward. Then came a popular revolt. ANWB, the Dutch car-driver's associa-

land, Friel and his family moved across the Irish border to County Donegal, where he had spent his childhood holidays.

Given his Irish nationalist background, his work not surprisingly took on a political tinge—in the 1973 play *The Freedom of the City*. Two years later, *Volunteers* questioned the handling of events by the governing British authorities and drew the wrath of some reviewers who interpreted it as a defense of IRA terrorism.

However, Friel, in a rare interview, told the *New York Times* he did not ever want to write about politics, "but sometimes it happens." It did happen in 1980 when he founded the Field Day Theater Company with actor Stephen Rea and poets Seamus Heaney, Tom Paulin, and Seamus Deane. Their first production was Friel's masterpiece *Translations*, about British efforts to dominate the Irish cultural landscape by changing the ancient Gaelic names of villages and towns into an English-language form.

Today, Friel and his plays are as well known on Broadway and in London as they are in Ireland. An Irish diplomat told me his plays are also frequently produced in the remotest corners of Africa because their reflection of Irish deprivation, emigration, and humor "strike a resonance in the African mind."

Thomas Kilroy puts it more eloquently, "As a writer he is a connoisseur of human failure. The vitality which makes the plays so widely loved, the music, the humor, the shared emotions, the sheer charm of the writing, is built over a dark perception of the human capacity to fail in all things, especially the most important ones.

"The laughter and the dances, the moments of intimacy and love, the movement towards some kind of poise or grace at the end of the plays: all this is made even more precious by that shadow of imperfection which the Friel vision holds in place with unrelenting gaze."

Jasper Rees of the London *Independent* says Friel is "the heavyweight champion of Irish theater, while young pretenders like Conor McPherson, Martin McDonagh, and Gary Mitchell reap the rewards of a surge in Irish theater which Friel has done more than most to sow."

That is Brian Friel at seventy, still not out.

—Mike Burns

tion (the country's largest single organization), which usually deals with vacation tips, highway signs, road repair patrols, and safe driving suggestions, started a campaign against the toll proposals. The National Employers Association VNO/NCW supported it, as did the *Telegraaf*, the Netherlands' largest newspaper. They argued that under the government proposal drivers would be paying for standing still.

As an alternative, the employers' association proposed a dual system of highway use: new toll lanes should be constructed parallel to the existing highways, giving drivers the choice between free but congested roads and presumably open paid lanes.

Though road pricing tests have not yet started, the government has backed down. In May, transport minister Ms. Tineke conceded partial defeat. Instead of insisting on the introduction of road pricing for all incoming and outgoing traffic from the Randstad, she announced that the system would only be tested in one metropolitan area. This proposal seems the surest way to bury the issue since no local government will voluntarily step forward to experiment with paid access during the morning rush hour. It would mean an immediate loss of competitiveness with other cities.

Thus, the issue is virtually back to square one. After ten years of debate, the only change is that the roads have become even more congested.

—Roel Janssen

PARIS

ON THE SNAIL TRAIL

“I'll have a dozen *escargots*, and hold the snails!” These words, once uttered by Miss Piggy, sum up the prevailing attitude toward snails. It has been a very rainy spring in Europe, so battalions of them have been busy chomping their way through the vegetable patch. The trail of slimy destruction they leave makes most gardeners reach for the poison pellets.

In France, however, snails are not viewed with the same aversion as in other countries. The French love them—not in their garden, but on their plate. In the shell with garlic butter or out of the shell in sauces, soups, and salads, every year some 35,000 tons are eagerly consumed by Gallic gourmets.

The problem is that there are no

longer enough snails to go around. Modern agriculture, with its widespread use of pesticides, has made serious inroads into the French snail population. More than 90 percent of the gastropods dished up in France these days are tasteless, rubbery imports from Eastern Europe, mostly from Turkey and Greece.

It is a sad state of affairs for the world's leading snail-eating nation, but luckily, something is being done about it. Three agricultural colleges (one in Besançon, another near Rivesaltes in the Pyrenées, and one near Chambéry in the French Alps) are offering government-recognized courses in *héliculture*—snail farming.



A French farmer tends his snails near Dijon.

Looking at the curriculum of the Alpine training center, it becomes apparent that there is more to snails than meets the eye. It takes no less than 500 hours of delving into their biology and psychology, studying breeding techniques and then practicing them at the college's pilot farm, and learning how to cook and market them before a fully trained snail farmer can sally forth, diploma in hand, and establish his own snailery.

Some 200 professional snail farmers, the majority of them in the Burgundy and Savoy regions, have now set up shop in France. It is a small but growing cottage industry, which currently produces about 600 tons of snails a year.

You have to stay on your toes to be a snail farmer. Slow they may be, but snails are veritable Houdinis. When the “studs” are woken up after a winter spent hibernating in sacks in the refrigerator, they

like nothing better than to go exploring around the walls and ceiling of the moist, warm hatchery, instead of staying in their breeding drawers and just getting on with mating and egg-laying.

Snails in the wild do this when the weather warms up enough—usually from May to August. But cultivated snails, which need to be fully grown by fall so that they can be prepared in good time for the French Christmas feast, are fooled into reproducing earlier, from March until June.

Their love life, restricted as it is by their shell, shows just how inventive Mother Nature can be. Snails are hermaphrodites, with both male and fe-

male sexual organs, but they still pair up, fertilize each other, and then both lay eggs.

Each snail lays approximately 100 eggs, which look like small white peas. After two weeks of incubation, perfectly formed, transparent baby snails emerge, which are kept indoors and fed on powdered milk for about a week. Then they are moved to an outdoor run, a kind of greenhouse with a sprinkler system, which provides the 80 percent humidity on which snails thrive. The ground is planted with clover for shade and snacks, but their main meals are a special ground-cereal mixture that makes them grow into plump mouthfuls in just a few months.

In August, the most strapping specimens are chosen as next year's studs, packed off to hibernate, and the others are gathered for the cook-pot. Their preparation now has to conform to EU

standards of hygiene and humanity—the end is quick and painless in boiling water.

Three main varieties of snails are cultivated in France. The best known, the *Escargot de Bourgogne*, does not necessarily come from Burgundy; it bears that name simply by belonging to the species *Helix pomatia*, no matter where it calls home. Large and plump, it is the classic mate to garlic butter. The *Gros gris*, nearly as large, is recognizable by its attractive ringed shell and black “mantle”—the flesh rimming the shell. Equally good in or out of the shell, it is the most common variety cultivated in southern France. The *Petit gris* is a smaller cousin that looks and tastes remarkably similar but has a yellowish mantle. Native to Provence, it is most often served in the shell with *aïoli*, the regional knock-your-socks-off garlic mayonnaise.

Actually, any of the 400 different snail species found in the wild in Europe are edible. What they taste like will depend on what they have been eating, and since snails will munch on anything, a common practice among experienced snail-pickers is to purge them by keeping them in a covered basket with some flour or thyme for a couple of weeks.

After that, it just takes a bit of gastronomic courage to transform a garden pest into a gourmet delicacy. *Bon appetit!*
—Ester Laushway

LONDON

MEASURING CHANGING TIMES

Life for the average Briton has undergone a radical transformation in the past two decades. Since 1979, the United Kingdom has developed into a sophisticated, high-earning, high-tech society, according to a report by the Institute of Management.

Twenty years ago the average annual income was little more than \$8,000 and the average house cost \$32,000. Eating out in restaurants and foreign travel were still the preserve of a wealthy minority. Videocassette recorders and personal computers were unheard of.

Today, the average salary is four times higher, at \$32,000, and the average house is worth \$110,000. Seven out of ten eat out regularly, and holidays abroad are taken for granted. More than eight in ten own a VCR, while three in ten households have a PC. “It’s incredi-

ble the way we take for granted things which we would never have dreamed of owning twenty years ago,” says Mark Hastings, the institute’s head of policy.

The surge in the ownership of domestic equipment is one of the most obvious changes in the past two decades. Back in 1979, only 70 percent of households had a telephone, a color television, and a washing machine. Today, ownership of all three is virtually universal.

“We hear the talk about change all the time, from Tony Blair downward, saying that we all have to adapt to survive. The report shows that the rhetoric is matched by reality. British life, in the workplace and in our homes, has been transformed,” he says.

Mind you, some transformations are taking longer than others. The number of women in the work force has only risen from 44 percent to 51 percent, while unemployment, having gone through surges, has settled back down at 4.6 percent, compared to 4.1 percent in 1979.

One area where little has changed is the popularity of Ford automobiles. It was the Cortina in 1979, and today it is the Focus, which is the number-one choice. The fact that Ford has undergone ownership and production changes seems to have had little impact on customer loyalty.

In the world of leisure, holidays abroad may have become almost commonplace, but Spain has not only retained but has dramatically enhanced its number-one spot as the Britons’ destination of choice. Twenty years ago 1.9 million Brits flocked to its sun-soaked beaches; today the number choosing Spain as the most popular holiday destination is 7.7 million a year.

However, it is not all good news. “We are changing, but it’s hard work,” one British newspaper proclaimed, pointing out that the report shows the average working week has actually grown from forty hours in 1979 to forty-four hours a week in 1999.

—David Lennon

BERLIN

MAKING A CAPITAL MOVE

Future generations of Berliners will hear that the summer of 1999 was a period of intense preparation for their city’s return as the nation’s capital. Although the German parliament met for

its first session on April 19 in Berlin’s newly restored Reichstag, politicians, officials, parliament and government employees, along with their families, will not move into Germany’s old capital until September. In truth, the city is not yet ready. Giant yellow construction cranes still crowd the city’s skyline, and many government buildings are not scheduled to open until 2002.

Although Berlin is said to be more than 750 years old, it was never an important medieval city. Unlike London and Paris, it entertained few visions of grandeur until the seventeenth century, when Grand Elector Friedrich Wilhelm greatly expanded the city and created, among other landmarks, the famous Unter den Linden. The Hohenzollern kings enlarged the city in the eighteenth and nineteenth centuries, laying out grand squares, avenues, and monumental buildings. For a brief time in the 1920s, Berlin served as a laboratory for the modernist architects of the Bauhaus movement, including Ludwig Mies van der Rohe, Walter Gropius, Le Corbusier, Erich Mendelsohn, and others. In the so-called ‘golden 1920s’, Berlin emerged as an avant-garde, world-class city.

However, when Hitler came to power in 1933, he had other dreams. He wanted to transform the capital into a new city called ‘Germania’, with bombastic neo-classical buildings, including a gigantic great hall. Fortunately, Hitler’s fantasies were never realized. Several buildings of the Third Reich have survived Allied bombings, such as Goering’s Air Ministry, which will become the seat of the finance ministry, and Hitler’s Reichsbank, which will house the foreign ministry.

When Hitler’s ‘Thousand Year Reich’ collapsed in 1945, the rubble in Berlin piled so high that many estimated it would take thirty years to clear it away. Then came the division of Germany, and Berlin was occupied by the four victorious powers, with its eastern sector becoming the capital of the communist German Democratic Republic. Bonn, a sleepy market and university town on the Rhine, became West Germany’s capital and was later affectionately referred to as the *Bundesdorf* (federal village). After Germany’s reunification in 1990, many politicians argued that the capital should remain in Bonn as a constant reminder of the small-town qualities of self-effacing modesty that served Germany so well in its recovery from World War

II. For many Germans (and foreigners), Berlin still smacks of Prussian militarism and Protestant severity. This distrust surfaced in 1991 when the Bonn parliament adopted a resolution to move to Berlin by a mere majority of seventeen votes.

Many observers believe strongly that a Germany governed from Berlin will be much different than the one led from Bonn. Johannes Gross, the author who coined the name “Berlin Republic” in a conscious play on the history of the Depression-era Weimar Republic, predicts profound changes in the way Germans view themselves and the world and in the way society organizes itself. “The Berlin Republic may be legally identical to the Bonn Republic,” says Gross, “but socially, politically, culturally, it is not.” Peter Schneider, a writer and Berlin insider, concludes, “Berlin has yet to prove to the world that it can govern and breathe life into a democratic Germany.”

Critics believe the capital move will shift Germany’s focus from Western Europe to Central Europe. Nonetheless, Roman Herzog, the popular ex-president, points out that Germany’s future lies in Europe. “In the long run,” he says, “Brussels will be more important than Berlin.”

The problems of turning formerly divided East and West Berlin into one coherent city were enormous. The pivotal debate over the new architecture quickly bogged down in squabbling over the specter of possible fascist influence. The past kept blurring visions of the future. Renowned international architects were invited to join the debate. The result has been an ideological war between new historicism and post-modernism. The city’s powerful building authorities opted for a reconstruction of historic Berlin and imposed strict rules. “Under these restrictions,” says American architect Daniel Libeskind, “the buildings, even by star architects, look dull and uninspiring.” His new Jewish Museum has been hailed as a truly original building that also honors history. The design, however, was approved before the Berlin Wall came down in 1989 and therefore was unaffected by the new restrictions. It is not dedicated to the Holocaust but rather to the history of Jews in Germany.

According to the celebrated Italian architect Renzo Piano, “It is an almost impossible job to design a city because what makes a city beautiful is that it’s not

designed. Time makes cities beautiful.” Piano’s building for Debis, a division of DaimlerChrysler, on Potsdamer Platz exhibits a modernist influence, while its materials—soft salmon-colored terracotta and glass—bring a sunny Mediterranean lightness to the delight of Berliners and visitors.

One structure, however, that successfully links the past to the future is the restored Reichstag by British architect Sir Norman Foster. His design for a \$530 million renovation includes a spectacular glass dome with a spiral ramp. Visitors are able to walk to the top and look out at the city and down into the parliamentary assembly below. The restored Reichstag has already become Berlin’s new icon, with visitors standing in line to tour it.

For the moment, however, the city’s main attraction remains the big construction show underway. Indeed, Berlin is undergoing a sort of massive open-heart surgery, using state-of-the-art technology. It is a place that is entirely different from the rest and well worth a visit.

—Wanda Menke-Glückert

LUXEMBOURG

CONTROVERSY OVER AMBASSADOR’S APPOINTMENT

The United States has appointed thirty-six ambassadors to Luxembourg during the twentieth century (with three serving twice). The first was Stanford Newel who presented his credentials in 1903. John Cudahy’s watch saw the mission close when German forces invaded in 1940.

Undoubtedly the most colorful envoy America ever sent to Luxembourg was Perle Mesta, the so-called “hostess with the mostest,” who was appointed by President Truman to serve as US ambassador to the Grand Duchy (1949–1953). She was hugely rich and an aggressive party-giver determined to make her mark on European society, and the Luxembourgers loved her for it. Ambassador Mesta once invited every mayor in the country to a “hot dog and Coke” reception in the capital that has become a legend. Her generosity and style did much to lift the spirit of postwar Luxembourg and contributed in large measure to the affection the small country has long felt toward the United States. Luxembourg had never had to deal with a woman minister before and did not know

how to address her. “Call me Madam,” she replied. If you have ever seen Ethel Merman starring in the musical of that name you will get the flavor of Perle Mesta—she was the inspiration for Irving Berlin’s heroine.

Just as memorable in a quite different way is John E. Dolibois, who served as American ambassador from 1981 to 1985 and who took up his appointment at the embassy fifty years to the day after he left Luxembourg as a thirteen-year-old boy. Yes, Dolibois was born a Luxembourger but became an American citizen. He attended Miami University in Ohio (“Akron was the first English word I put in my vocabulary,” he recalls in his autobiography) and served as an Armored Force and Military Intelligence officer in the US Army during World War II.

John Dolibois tells his story in *Patterns of Circles*, which he describes as “an essay in gratitude.” The former ambassador’s vivid and moving account of the war (in particular of the Nuremberg trials where he helped interrogate Nazi war criminals) and of his “Americanization” is a must read for anyone who wants to understand the special bond between Luxembourg and the United States.

Between the end of the war and his term as ambassador, John Dolibois made perhaps his major contribution to international understanding. He returned to his alma mater, became vice president for alumni affairs and development and in that capacity joined with others to set up a European Center for Miami University.

Today, the John E. Dolibois European Center is in effect the international campus of Miami University. Located at Differdange in the southwest corner of Luxembourg, the Center has 122 students from the US engaged in the study of Europe while experiencing it firsthand. “It also offers the same opportunities for learning more about Europe to our 700 faculty members at Oxford (Ohio) who can apply to teach here,” says Maisy Dumont, assistant director. “The Center is very popular here. We’ve had a lot of help from the Luxembourg people, the American-Luxembourg Society, the city and the government,” she says. Part of this may reflect the fact that Luxembourg has no full university of its own.

The new US ambassador to Luxembourg, James Hormel—who is heir to the Spam fortune and a leading donor to the Democratic Party—is openly gay.

Furthermore, Hormel actively funds gay rights groups and supports same-sex marriages. Hormel has pledged that he would not use his embassy position to push gay rights nor present his partner as an ambassadorial spouse. For two years, conservative Republicans in the Senate had effectively blocked his appointment until June when President Clinton made an interim "recess" appointment while Congress was not in session.

Officially, Luxembourg would be perfectly happy with Hormel. "He would be received as the representative of a country that we've always had very good relations with," says a government spokesman. In private, some misgivings have been voiced. Luxembourg is very conservative in such matters. There is also criticism that Clinton may be taking for granted Luxembourg's longstanding friendship and its small size with an appointment that might cause serious friction in more important countries.

—Alan Osborn

VIENNA

MOBILIZING, TELEVISIONING, ORGANIZING AID FOR REFUGEES

Since Serb forces launched an ethnic cleansing campaign in the Yugoslav province of Kosovo, Austria has mobilized troops of a different type, with thousands of people donating their talents and time to help refugees forced to flee their homes. Since March 24 when NATO began airstrikes and Yugoslav forces began pushing hundreds of thousands of ethnic Albanians from their homeland, Austria, with only 8 million citizens, has raised more than \$32 million, or \$4 for every Austrian man, woman, and child.

"The whole thing is really amazing. I don't know if you can compare this to any other country," said Vanessa Euler-Rolle, spokeswoman for the Austrian Red Cross.

More than one-quarter of the contributions was collected during a fifteen-hour telethon, featuring performances by dozens of Austrian and German artists and video clips from international stars.

Politicians and entertainers answered telephones as donations in sums ranging from \$8 to \$800 poured in. At times, the overtaxed telephone system even broke

down because of the flood of calls.

Banks, insurance companies, and other corporations and organizations presented checks for amounts ranging up to \$80,000, and both Austria's president and prime minister donated \$8,000 out of their own pockets.

Those pledges were made to the charity *Nachbar in Not* (Neighbor in Need) to fund a camp for 5,000 refugees set up by the Austrian Red Cross and the Austrian Army in Shkodra, Albania.

About \$24,000 is needed to run the camp each day, and enough cash is already on hand to finance operations for more than three years. So Austria has decided to help others as well and is giving food and other necessities to the thousands of Albanians and Macedonians who have taken refugees into their homes. "I think it's impressive, really, that they opened their doors and invited all those people to live with them," Euler-Rolle said.

Furthermore, the avalanche of aid is not letting up. Soccer star Toni Polster, an Austrian who plays in Germany, contributed nearly \$28,000 and called on other soccer players in both countries to do the same. He also urged Austrian and German soccer teams to organize games to benefit the refugees.

Others have organized jazz concerts, flea markets, and numerous other events to aid the ethnic Albanians. Music producer Roland Michael is among those taking an active role. His act I-Land—four young men from the Kansas City area—aided by musicians from around the world, have released a compact disc to benefit the refugees. The song, "Last Stand," debuted during the telethon, and immediately raised \$32,000 in pre-sales, which have been donated to Nachbar in Not.

Michael said he came up with the idea for the CD, "and to my surprise, everybody jumped on it. Everybody said they'd do it."

Austria already has taken in more than 1,000 refugees, and I-Land performed a concert for those living in a refugee center in Vienna.

Danielle Lech-Leitner, spokeswoman for the Vienna Red Cross, which runs the local refugee center, said she believes the Austrians have opened their wallets and their hearts because "Austria was helped after World War II by foreign countries, and now Austria wants to help in that way."

—Susan Ladika

ATHENS

GREEKS INVEST IN FYROM

Greece is keen to play as big a part as possible in rebuilding the southern Balkans. The northern Greek city of Thessaloniki is already a hub for retailing and services in the region. Its port is the main supply route for NATO peacekeepers in Kosovo, while city hotels and the nearby resorts of Halkidiki will cater for transiting KFOR soldiers and international officials.

Plans are taking shape, say Greek officials, to double the number of border crossings with Albania, Bulgaria, and the Former Yugoslav Republic of Macedonia (FYROM) and to set up tax-free zones where cross-border manufacturing ventures could set up. As the

"Greek companies have invested more than \$2 billion in the Balkans, but FYROM has been overlooked in favor of bigger markets in Bulgaria and Romania."

region's only EU member, Greece would back proposals that would tighten economic links in the region, such as eliminating customs tariffs and pegging currencies to the euro, as Bulgaria has done already.

The Socialist government has also been encouraging state-controlled companies to invest in FYROM as part of its effort to boost regional stability. Though still unresolved, a long-running dispute with FYROM over its name—which the Greeks have claimed could imply a territorial threat against the northern Greek province of Macedonia—has been set aside.

"Greek companies have invested more than \$2 billion in the Balkans, but FYROM has been overlooked in favor of bigger markets in Bulgaria and Romania," said an Athens-based consultant. "Now it has opened up, and Greek companies are keen to exploit opportunities there."

The war against Yugoslavia came just as FYROM's pro-market government launched a drive to attract foreign investment. But Greek companies were not deterred. Hellenic Petroleum, the state-controlled energy group, reached an agreement in May with the FYROM government on building a 136-mile oil pipeline from Thessaloniki to Skopje. The \$80 million pipeline, due to be com-

pleted in 2000, would be financed and constructed by Greek companies.

Hellenic has also agreed to buy a majority stake in Okta, FYROM's only oil refinery and invest in its modernization. The \$90 million deal would give the Greek company a much bigger foothold in the Balkans—it already operates a small network of petrol stations in Albania—and is likely to be followed by another acquisition, probably of a power station in southern FYROM, which would be refurbished and used to supply the Greek electricity grid.

Meanwhile, National Bank of Greece, the country's biggest, is negotiating to buy a majority stake in Stopanska Banka, FYROM's leading banking group. National was invited to bid after the collapse last year of a deal with an Austrian bank to take control of Stopanska. National would be the first EU-based bank to start operating in FYROM; as well as supporting Greek companies doing business in the country, it would also help restore confidence in FYROM's fragile financial system.

Private Greek companies are also poised to invest in FYROM now that the war has ended. Mytilineos, a fast-growing metals trading company, is preparing a bid for FYROM's only lead and zinc smelter. The Greek company already buys much of the smelter's output, but is keen to make the acquisition as part of its strategy to acquire processing capacity across the region.

Alpha Credit Bank, the biggest private Greek bank, plans to buy Creditna Banka, a small but profitable FYROM bank. Alpha already has a branch in Albania and controls a profitable bank in Romania. With Greek ownership seen as a security guarantee, Creditna expects to see deposits soar as FYROM's citizens put their "mattress" money into savings accounts.

—Kerin Hope

LISBON

DISCOVERING DOMESTIC DESIGN

A host of modern art museums, design exhibitions, and lifestyle magazines in recent months are providing evidence of a shift in cultural attitudes in Portugal. Where a few years ago British antiques or classic French fashion might have been seen as the height of good taste by well-educated Portuguese, there is now a growing appetite for the cleaner

lines of contemporary furniture and the brasher products of the new generation of home-grown fashion stylists.

One of the major events on the Lisbon cultural scene in recent weeks was the opening of Portugal's first design museum in May. This is a private collection, owned by businessman Francisco Capelo but housed in the state-funded Belem Cultural Center. For the first time in Portugal's history, it offers visitors the chance to see a permanent collection of design pieces from around the world. On show are avant-garde works from the 1950s to the present day, including prize items such as a 1957 "free-flow" coffee and tea service by Lino Sabatini to Gaetano Pesce's 1980 Sunset in NY sofa and a 1985 commode by Portugal's own Ivaro Siza Vieira.

At the inauguration ceremony, attended by Prime Minister Antonio Guterres and cultural minister Manuel Mario Carrilho, Guterres expressed gratitude on behalf of Portuguese citizens that a private individual should put his resources at the service of the public in this way. As he noted, this has, until now, been all too rare in Portugal, which has a handful of very rich families and many more poor ones.

A month later, the country's first museum of contemporary art opened in Oporto, Portugal's second city. Another private initiative—this time by the Oporto-based Serralves Foundation, which already promotes exhibitions and other cultural events, will display a representative collection of Portuguese and foreign artists from the 1960s onward. It fits well with Oporto's efforts to brush up its image in the run-up to its stint as European Cultural Capital (jointly with Rotterdam in the Netherlands) in 2001.

Meanwhile, back in Lisbon, September sees the inauguration of the country's first ever design exhibition, one of a series to be held every two years. Experimentdesign, as the event is called, focuses strongly on—what else—experimental works rather than purely commercial pieces. This emphasis means giving plenty of space to newer areas of design, such as multimedia, in addition to more traditional forms. The exhibition's organizers claim to detect a growing interest in Portuguese design elsewhere in Europe. (Quite apart from the magnetic attraction exercised on aspiring European architects by Oporto-based Siza Vieira, who designed, among many other buildings, the host country's

breathtaking pavilion for the Expo '98 World Fair that took place last summer in Lisbon.)

Portugal's cultural renaissance has been accompanied by a slew of design-oriented interior decoration and lifestyle magazines, which are successfully slugging it out with the many new travel, business, and news titles. Meanwhile, funky young fashion designers such as Fatima Lopes and Nuno Gama are finding a ready market in young Portuguese eager to throw off traditional styles favored by their parents.

—Alison Roberts

MADRID

TORERA NO MORE

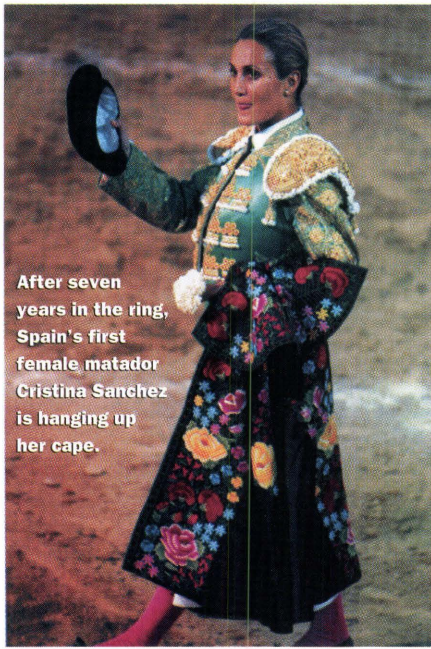
A year after reaching the pinnacle of her career as a bullfighter, Spain's only fully-fledged *torera*, Cristina Sanchez, has decided to hang up her cape and sword, quit the ring, and perhaps pursue a career in public relations, broadcasting, or movies. And she blames it all on machismo.

"The world of bullfighting is made by and for men, but I am still proud that I've made history. I've written golden pages in the bullfighting world," the attractive, blonde, twenty-seven-year-old told a standing-room-only press conference at Madrid's old and ornate Victoria Hotel, a favorite of matadors and others involved in the sport.

Sanchez first began fighting bulls as a teenager. In 1992, she debuted as a professional in Quito, Ecuador, and several years later fought in Madrid's venerated Las Ventas bullring. Three years ago, she achieved what most other fledgling bullfighters only dream about—she became a real *torero* (or in her case *torera*) and the first woman bullfighter in Europe at a fight in Nîmes, France.

A year ago, that feat was confirmed when she again fought at Las Ventas at the greatest bullfight festival of them all, San Isidro, when for a month the best toreros in the world strut their stuff in front of the most knowledgeable fans in the world.

Now abandoning her lifelong dream, she says that trying to overcome the handicap of being a woman in such a macho milieu was just too much. Specifically, she complained that her male colleagues refused to fight on the same bill with her at important rings, and she was forced to appear at smaller rings below



After seven years in the ring, Spain's first female matador Cristina Sanchez is hanging up her cape.

her status.

"All of a sudden, it was like having to begin all over again," she said, "and if I have to fight like that, I'd rather retire."

"I never thought that my *compañeros* would make it so difficult for me," she told reporters. "I've struggled a lot, and it's unfair. And I never used the fact that I'm a woman to get ahead, and I have always honored my responsibilities."

For decades, until Spain's right-wing dictator General Francisco Franco died in 1975, women were not allowed to become professional bullfighters. Now, largely thanks to Sanchez's trailblazing efforts, there are several other young female matadors, but many in the business firmly believe it is a man's world.

Sanchez said she wants to finish out this bullfighting season, her last, with her head held high. "I want to fight for the last time and leave by the main door in style. I want to do it for myself."

—Benjamin Jones

STOCKHOLM

BILDT PLANS FOR PEACE

Do not just put out the fire; stop another from ever starting. For Carl Bildt, one of three United Nations Kosovo peace negotiators, radical, permanent change in the Balkans is as important as stopping the immediate conflict.

Best known internationally as one of the successful peace negotiators in Bosnia, Bildt also leads Sweden's Conservative Party and served as prime minister from 1991–1994. His Balkan philos-

ophy is based on the idea that, unless the region is quickly rebuilt following the NATO bombing, problems will only resurface and most likely be worse than before.

As for the short-term situation, he says, "The war in Kosovo is a massive failure for international and European policy." Furthermore, he insists that it must be seen not as a local war but "as a regional catastrophe."

What Bildt envisions in the aftermath is a kind of Balkan Marshall Plan. Just as the Allies helped rebuild Germany after World War II, ensuring against another war with economic support, Bildt argues that Europe, the United States, and Russia must commit to a three-pronged program to reshape the Balkans. First, local military in the Balkan countries should be cut back. This is especially true if foreign economic aid is provided, he says. Economic aid should be the next step. Bildt estimates it will cost roughly \$60 billion to rebuild the region over the next few years. That could create budgetary problems for the European Union, he notes, which at the same time will be trying to integrate a string of new members from Eastern Europe and the former Soviet Union. Bildt thinks the solution is to create a separate European organization for redevelopment. Finally, he says the EU must open the door for membership to the Balkan countries.

Ironically, Bildt's work in the Balkans may well be his Swedish swan song politically. As the Conservatives' leader, Bildt is a strong voter drawing card. He also has a high media profile. When he was out of the country during the Bosnian crisis, with other officials speaking for the party, the Conservatives were less visible. They also lost a strong voice in the Riksdagen, Sweden's parliament. However, if Bildt is out of the country for a year or more because of Kosovo, the party will have to decide if it wants an absentee leader. That issue will be discussed at the party congress in early September.

With a domestic political career that started when he was a student, Bildt, who turns fifty on July 15, may feel a few pangs in stepping back. On the other hand, with Bildt in the international arena, Sweden's profile will be raised.

Even Bildt's personal life seems to be following a more international course. He met his second wife, Italian national Anna Maria, in Bosnia. By contrast, his first wife, Mia, is the daughter of the late

Gosta Böhman who led the Conservatives for eleven years.

Beyond politics and diplomacy, one of Bildt's passions is information technology. As prime minister, he pushed Sweden to develop its IT at the beginning of the 1990s and was one of the first politicians to begin distributing a weekly newsletter via the Internet.

He firmly rejects the idea of technology-induced stress, claiming that people control technology rather than the other way around. Meeting him, one is apt to get a business card with a built-in compact disc, outlining his background and the party's philosophy.

Critics say that Bildt is too rational and bloodless and joke that in Sweden, where casual dress is the norm even among politicians, Bildt never takes off his tie.

However, while he may be formal, Bildt clearly has a sharp and subtle sense of humor, and he's not averse to a little partying either. When the Nobel Foundation decided not to invite Swedish political party leaders to the gala dinner for Nobel Prize winners last year, as has been the custom, Bildt decided to organize his own shindig. The dinner at Trattoria Romana, an Italian restaurant frequented by the Conservatives was reportedly *the* event of the holiday season.

—Ariane Sains

ROME

THE NEW PINACOTECA DI BRERA

Milan is a city famous for fashion as well as finance and industry, but when it comes to Italian cities known for their art treasures, it seems to get short shrift. Of course, in its eternal competition with Rome, Milan likes to define itself as the moral capital of Italy. Morals are well and good, but in and of themselves, they do not present a compelling reason for tourists seeking art and culture to take away a few precious days from Venice, Florence, or Rome to go to Milan.

Despite its reputation as a city of people who live to work, it has beguiled its share of famous patrons, including the French author Marie-Henri-Beyle Stendhal, who called it the most beautiful city he had ever visited. Furthermore, Milan is home to the world-famous La Scala opera house, and as for art, it boasts Leonardo da Vinci's *Last Supper*.

When it comes to art museums, however, Milan's rivals hold the advantage.

The city does contain several that are

true jewels, including the small but rich Poldi Pezzoli, but it does not yet have one museum that compares to the Uffizi in Florence or the Vatican Museum in Rome. However, Milan does have one museum that has the potential to be considered among Europe's best—the Pinacoteca art gallery located in the Brera, the city's artistic center and one of its most beautiful districts. Although well known among art curators and historians, the Pinacoteca has had its share of troubles; nevertheless, it is this museum on which the city fathers have placed their bet to put Milan on the art tourism map.

Driving such enthusiasm is the Pinacoteca's announcement of an ambitious modernization project. Bruno Contardi, head of artistic issues for the region of Lombardy, has promised changes that will transform the Pinacoteca into a true competitor to the famous Beaubourg in Paris and the Prado of Madrid.

Building a collection to compete with those world-renowned museums would seem to present a tall order indeed, but in fact, the Pinacoteca already holds hundreds of masterpieces. Begun by Austrian Empress Maria Theresa, the collection contains works by masters of the Lombard and Venetian schools, which date from the fifteenth to the eighteenth century and include paintings by Mantegna, Giovanni Bellini, Tintoretto, Ercole de' Roberti, Piero della Francesca, Raphael, and Caravaggio. Although housed in what had been the empress's grand palace, the Pinacoteca has suffered from a significant lack of exhibit space. At least 1,000 works of art remain in storage, never having been seen by the public. Furthermore, the number of churches and abandoned convents that ask permission to deposit their treasures in the museum's basements continues to grow.

In addition to the lack of space, the Pinacoteca has suffered from its status as a public institution. For decades, government-imposed restrictions on its operating hours, repeated strikes by the guards, endless maintenance, and plodding renovations have often left both Italian and foreign visitors exasperated. Foreigners, especially, could never understand why the Milanese, who are famous for their efficiency, could not make the most of such wealth.

Under Contardi, the museum is offering a range of new services, including ordering tickets by telephone, audio guides in several languages, and a Web site. A few weeks ago, eight new rooms

of paintings opened to the public, and plans are afoot to take over the adjacent Palazzo Citterio. The \$135 million cost will come from lottery proceeds, which seems an especially fitting place to find the money since it will fund a project that the whole city is betting on.

—Niccolò d'Aquino

COPENHAGEN

THE HILTON HARBINGER

Anyone landing at Copenhagen Airport will not only notice that the Oresund bridge-tunnel link between Denmark and Sweden is almost completed and integrated into the airport itself, with the railway station already operational for trains from the airport to the city and beyond. They will also note the familiar sight of a soon-to-be-opened airport Hilton, at present the only major international hotel chain on site in Denmark.

It is a symbol not only of the growth expected when the almost ten-mile-long link to Sweden, built at a cost of about \$2.7 billion, is opened next fall. It may also be the first of many new hotels in what will soon be the European Union's eighth-largest region, which will have a population of 3.2 million people within a radius of sixty miles from the airport.

Sheraton closed its city hotel some years ago after major losses, and other major hotel groups have shunned Copenhagen as a very difficult market in which to make money. Labor costs and taxes remain exceedingly high in Denmark. The tourist season is short, and the winter is long. Nevertheless, the construction of the new Hilton appears to be a harbinger of change.

Marriott has since decided to move into Copenhagen, and others are staking out claims. Room prices will range from \$200 to \$300 per night, similar to what you would pay for comparable rooms in New York and London.

Demand has picked up sharply in recent years, especially for quality accommodation with large rooms. Copenhagen is a Baltic hub for both airlines and cruise ships, and tourism has been growing at a healthy rate. Growth in the lucrative international convention business has been stifled by the lack of large hotels with international standards. But with the opening next fall of the Oresund link to Sweden, hotels located in southern Sweden, especially in the city of Malmö, will add significantly to Copenhagen's capacity

and attract more business and pleasure visitors to the entire region.

With little more than a year to go before the Oresund link is opened, expectations are running very high on the Swedish side, while they are much more subdued on the Danish side. A recent study from a major Nordic bank shows that two-thirds of the economic boost of more than \$4 billion will land on the Swedish side, and the southern Swedes expect to derive greater influence and notoriety as part of a dynamic region. Copenhagen, on the other hand, already considers itself a major international city and capital as well.

For many Danes, the link offers mainly the peaceful economic reunification with a region of Sweden that was Danish until 1658. The Swedes in the region have no problem with that ambition. On the contrary, they see the new link as an opportunity to break away from what many consider a much-resented political and economic hegemony of Stockholm. Justified or not, such emotions can translate into economic dynamism, and the Oresund region will be able to challenge Stockholm. There is unlikely to be a loser because Sweden should easily be able to sustain two major growth regions, especially if the new one has a strong Danish leg.

—Leif Beck Fallesen

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ARTS & LEISURE

ARCHITECTURE

BRITISH MODERNIST HONORED

When future generations of architects look back on the end of the twentieth century, they will undoubtedly regard Sir Norman Foster as having played a leading role in shaping architecture of his time. Searching for words to describe the British architect's style, a writer continually returns to 'futuristic' and 'Lucasian' (as in George Lucas, the *Star Wars* creator). Indeed, sketches of Sir Norman's Hong Kong airport terminal more closely resemble a Trade Federation mothership than JFK International, and his completed refurbishment of Berlin's Reichstag building includes a glass dome that appears to hover amid the city's skyline like a luminescent extraterrestrial craft.

Intergalactic images aside, few architects can claim the twelve-month run of professional success recently enjoyed by Sir Norman. Over the last year, the sixty-four-year-old architect has completed the aforementioned airport terminal (the world's largest) and the stunning Reichstag project. In his native Britain, he was chosen to create the new Wembley Stadium, finished plans for the \$90 million Gateshead Music Center, and completed final designs for London's Millennium Bridge. The Royal Institute of British Architects named his American Air Museum 1998's best new building, and in June, he capped off the run by winning his field's highest honor, the 1999 Pritzker Architecture Prize.

Winning the Pritzker puts Foster in a group of architects who have built some of the century's most famous structures. Established in 1979 by the Hyatt Foundation, the prize, which comes with a \$100,000 stipend, honors a living architect whose work has "contributed to humanity and the built environment." Past winners include Phillip Johnson, I.M. Pei, Frank Gehry, and Renzo Piano.

Actually, Foster is accustomed to success, having won more than 165 awards

during a thirty-five year career that began in his native Manchester. As a shy clerk at a local architecture firm, he summoned enough courage to show his boss several of his sketches and was promoted to the drawing department. Emboldened by this encouragement, he entered

Manchester University's architecture school in 1956. Five years later on a fellowship at Yale, he met fellow Briton, Richard Rogers, with whom he would form an enduring friendship. Back in the UK, the pair, along with Foster's soon-to-be-wife Wendy Cheesman and her sister Georgina, formed the architecture firm Team 4, which embraced a boldly modernist approach. Although the group enjoyed success, the members decided to dissolve the partnership, and in 1967, Norman and Wendy founded Foster Associates.

The new firm soon established a reputation for its cost-saving and innovative designs. In 1970, Computer Technology Ltd. commissioned him to conceive a temporary facility capable of housing seventy people for twelve months. Foster responded with an inflatable 8,000 square-foot nylon and PVC shell anchored to perimeter beams laid on the company's parking lot.

As his projects grew in size and complexity, he continued to focus on ways to make buildings more efficient in their construction, operation, and social function. When Willis Faber & Dumas commissioned Foster to design its headquarters, company leaders told the architect that the new building should reintroduce the sense of community that had been lost as the firm had grown. Foster's plan yielded three levels wrapped in a gracefully curving glass façade and included two open-plan office floors, a rooftop garden and restaurant, and a ground floor swimming pool. According to Foster, "It

Norman Foster's glass dome on top of the renovated Reichstag.



represents the vision of the office as a place that is filled with sun and has fantastic views...where you and your family could swim on the weekends."

In 1979, Foster became an architecture celebrity when he won the international competition for the Hong Kong and Shanghai Bank headquarters. One writer described the fifty-level tower as a "mecha-

nized Jacob's ladder" unfurling from the sky into the midst of Hong Kong's crowded downtown. The building features an open core that directs natural light throughout its interior.

During the 1980s and 1990s, Foster continued to build on his success, with no project too great or too small. His firm has designed structures ranging from airports to art galleries, music halls to museums, and everything in between, including subway stations, radio towers, furniture, and even door handles.

His company, now called Foster and Partners, employs some 500 staff and has satellite studios in Berlin and Hong Kong. Foster lives in a penthouse located above his firm's London headquarters. He admits to being an inveterate jogger and skier and flies his own jet. His wife Wendy passed away in 1989, and in 1996, he married Elena Ochoa, a Spanish psychiatrist.

Critics have pointed to the firm's size and prodigious output as evidence that the Foster name has become more of a commercial brand rather than reflective of the architect's personal vision. Others say he is a control freak with boundless energy who puts his indelible stamp on each of the projects that bear his name.

Whatever contemporary critics say about Foster's work will have little effect on his legacy. Time provides the ultimate test for architects. Better judges of Sir Norman's work might be the descendants of children not yet born, who might one day live in a Foster-inspired lunar colony.

—Peter Gwin

YESTERDAY



TIVOLIS INDGANG 15 AUG 1918

NORDIC SUMMERS

Georg Carstensen envisioned a "magic garden" in the heart of Copenhagen modeled after amusement parks he saw in London and Paris, leading him to design plans for Tivoli Park. Built on land rented from King Christian VIII, Tivoli Park attracted 3,615 visitors on its opening day in 1843 and saw its popularity grow tremendously in the following years, becoming Copenhagen's summertime playground. The park's charter requires that at least 75 percent of its land must remain open space, ensuring that visitors will always be able to find a bit of nature in the center of the busy city. This oasis of natural beauty, excitement, and fantasy has long attracted writers and artists, including Denmark's best-known author, Hans Christian Andersen. Firework shows and live music continue to attract visitors and natives alike to spend a summer evening in the park. (Photo: Tivoli's entrance as it appeared in 1918)

Today, Scandinavians and tourists from all over the world can also find entertainment in out-of-the-way places like Pori, Finland. Outdoor concerts such as the annual Pori Jazz Festival (below) offer jazz, Latin, rhythm and blues, and reggae artists. Ray Charles, UB40, and George Clinton are among the word class musicians scheduled to perform at this year's festival held July 9-18. Music lovers from around the world can check out the festival's artists and performances at its Web site, www.porijazz.fi.

TODAY



Seven strong reasons for establishing in Malmö

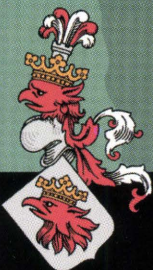
- Malmö and Copenhagen will be integrated by the Öresund Link – a new centre of development will be created
- Malmö is the administrative and cultural centre of the Scania region
- Malmö lies on the coast, surrounded by open countryside and offers excellent recreational possibilities
- Malmö has attractive development areas – Brostaden and the western harbour area
- Malmö university is a new, dynamic centre of academic diversity
- Malmö is renowned for its high quality housing
- Malmö is home to a rich cultural scene



The western harbour area



The area close to the abutment of the Öresund Link – Brostaden



City of Malmö, Sweden

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The Birth of a Region

The Øresund Region

Denmark and Sweden are currently in the process of merging their adjoining areas of the Øresund straits into one region. On completion in 2000, a spectacular 16 km span of bridge, tunnel and artificial island will unite Copenhagen with Malmö, the third largest city in Sweden.

As part of an bilateral government investment programme exceeding US \$15 billion, the project includes new underground train systems, railways, motorways, cultural institutions and high-tech development centres.

The vision is to create a new inviting metropolis – »The Human Capital« – that will make the Øresund Region world-renowned for its high returns on investments in people. The goal is a regionally integrated environment:

- Where people matter
- Where you discover life
- Where capital grows
- Where you find time to be yourself

Try us out. Copenhagen Capacity and Region Skåne are official organisations assisting foreign companies to get established or invest in the Øresund Region. Our services are always free of charge.

Facts

on the Øresund Region

- 4th in research and development in Europe
- 8th most popular convention site in the world
- 1st globally in quality of life
- 5th in GNP per capita worldwide
- 6th largest international airport in Europe
- 3rd in Europe in biomedical science and industry – Medicon Valley



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