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# TONY BLAIR'S BRITAIN



# Prime Minister on the Move



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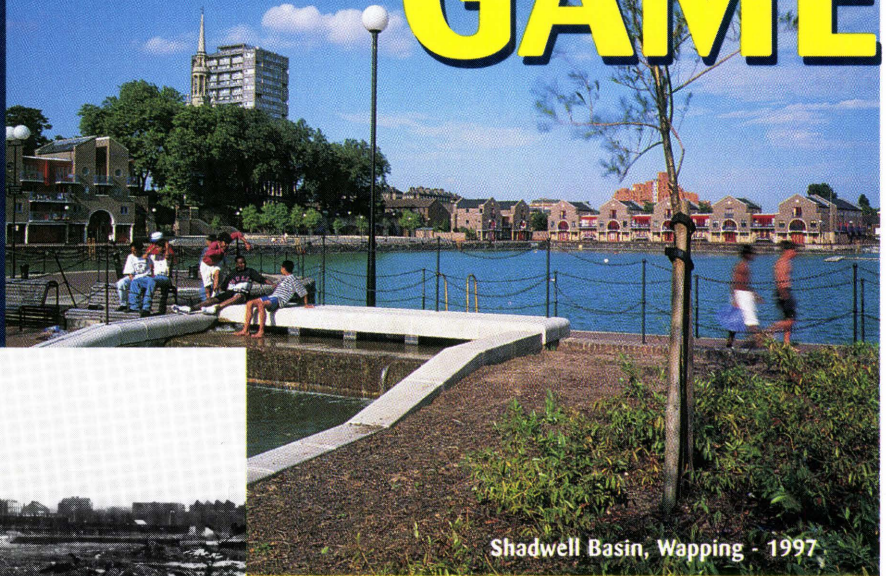


# THE REGENERATION GAME

Population  
up by **38,000**

Jobs  
up by **45,000**

New homes  
**21,000**



Shadwell Basin, Wapping - 1997



Shadwell Basin, Wapping - 1985

 **London Docklands**

London Docklands Development Corporation,  
Thames Quay, 191 Marsh Wall, London E14 9TJ  
Telephone: 0171 512 3000

**£8.3 billion** new investment

**25 million** square feet of commercial development

**89 miles** of new and improved roads

**18 miles** of new railway system

**One** new airport  
Europe's fastest growing



In the 19th century, London was the busiest port in the world and the Docklands was a bustling, colorful community of wharves, warehouses, factories and pubs. But by the 1970's, this vast area of East London, which occupies some 5,500 acres, had started to fall into a state of decline. As the docks closed, people moved away to find new jobs and the population plummeted, yet unemployment still climbed up to 24 per cent.

In 1981, the London Docklands Development Corporation (LDDC) was created, and charged with the daunting task of infusing new life into what had become an industrial wasteland. Among the numerous problems it faced were how to dispose of tracts of land no one wanted to buy, and how to stimulate new private investment when there

was nothing to trigger growth. To help the LDDC in its Herculean labors, two sources of income were established: an annual government grant and funds from land sold for development.

Within 16 years, nothing short of an urban miracle was achieved. Today, the derelict Docklands has been transformed into a thriving commercial, residential and recreational district, which is London's new eastern focal point and a prime location for foreign investment. In place of abandoned docks and crumbling buildings are lively marinas, riverside walks and some of the most exciting modern architecture to be seen anywhere. New construction such as Canary Wharf's graceful 800-foot office tower at One Canada Square, Britain's tallest building, stands side-by-side with lovingly restored, historic warehouses. In 1996, office space rentals in Docklands topped one million square feet for the fifth year in a row. Canary Wharf—the area's showpiece “Wall Street on the Water”—is now 92 per cent occupied and construction has been started there for Citibank's new 560,000 square foot UK headquarters. Since 1981, the number of businesses has more than doubled from 1,000 to 2,450 and jobs have nearly tripled from 27,200 to 72,000. International companies which

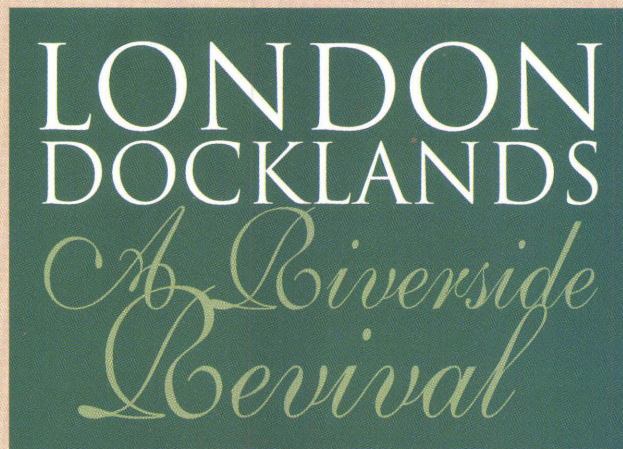
have located in Docklands include Morgan Stanley, Reuters and Texaco.

The commercial rebirth of Docklands has drawn people, not just to work, but also to live in the area. Its population, which had dipped below 40,000, has now more than doubled to over 80,000. Some 21,615 new homes have been built, and a network of shops, restaurants and leisure facilities has been developed around them. Pubs once frequented by Charles Dickens now echo to talk of share prices and

business deals. Docklands is a study in contrasts—a successful marriage of the modern age with history—where new residents and the true Cockneys who have lived there for generations feel equally at home. The metamorphosis of London Docklands is so spectacular that it has become the capital's newest tourist attraction. Last

year, it drew over 1.6 million visitors. They boarded the Docklands Light Railway, a driverless, elevated train that whizzes silently past stunning buildings, such as Canary Wharf on the Isle of Dogs, where King Henry VIII once had his hunting kennels. All in all, there are 55 miles of waterfront to explore, with listed churches, historic pubs, award-winning restaurants, wildlife sanctuaries and parks.

In March 1998, the London Docklands Development Corporation comes to the end of its mandate. During its 17-year existence it has masterminded Europe's greatest urban regeneration program and in the process won more than 80 architecture, conservation and landscaping awards. But the story does not end there. London Docklands will continue to expand and grow, with new developments such as a state of the art business park in the Royal Docks, a university campus, an international Exhibition Center and an extension to the London Underground's Jubilee Line which will provide fast links to the city center. Once an eyesore, Docklands is now a sight for sore eyes, and one of the main reasons why London leads Europe as an international investment center and tourist destination.





# EUROPE

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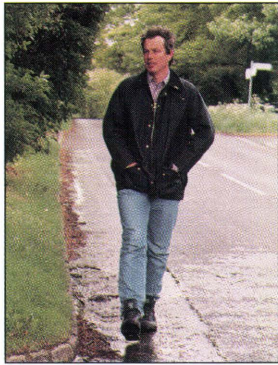
WELSH  
DEVELOPMENT  
AGENCY



# Letter from the Editor

The Times They Are A Changing,” Bob Dylan’s most popular tune “could be the theme song of the new government and of the new mood in the United Kingdom,” writes David Lennon from London. Our London correspondent goes on to report that “there is a new spirit about in the UK. Change is in the air and there is a buoyancy in the economy.”

*EUROPE* profiles the new, dynamic prime minister Tony Blair and looks at his reasons for not joining the European single currency while at the same time pursuing a more pro-European policy than his predecessors.



Tony Blair represents a new breed of British politicians.

The UK takes over the presidency of the European Union from January through June. Alan Osborn, also writing from London, gives us a preview of the UK presidency.

Mo Mowlam, the first woman to hold the position as secretary of state responsible for Northern Ireland is aggressively trying to find a formula for peace in this troubled province. *EUROPE* profiles Mowlam, who has been described as an “outspoken, individualist.”

Will the new generation remake the British monarchy? *EUROPE* looks at the royal family after Diana. David Lennon writes, “The royal family must recreate itself if it is to survive.”

“Most Americans come across British products every day of their lives,” reports Bruce Barnard in his article on British investment in the US. British firms are way out front as the number one investor in the US with a “bulging portfolio” valued at more than \$140 billion. From Burger King to Brooks Brothers, Barnard details which American brands are owned by British companies.

“LG is the largest foreign direct investment in terms of the creation of jobs ever made in Europe to date,” states David Rowe-Beddoe, the chairman of the Welsh Development Agency in an article on why Wales has been so successful in attracting foreign investment not only from the United States but from South Korea and Japan as well.

Ron Davies, the secretary of state for Wales, discusses foreign investment, US firms, the new Welsh Assembly and devolution, Tony Blair and the Labor government, and the EU in our exclusive *EUROPE* interview.

Wales, the land of the dragon, is a delightful place to visit. It is quite tranquil and serene with gorgeous scenery and a cosmopolitan capital city that may surprise first-time visitors. London tops everyone’s list as the “hot” city in Europe, and Ester Laushway writes about what to do and see in London during the holidays.

The staff of *EUROPE* wishes all of our readers a very happy new year!

Robert J. Guttman  
Editor-in-Chief

# EUROPE

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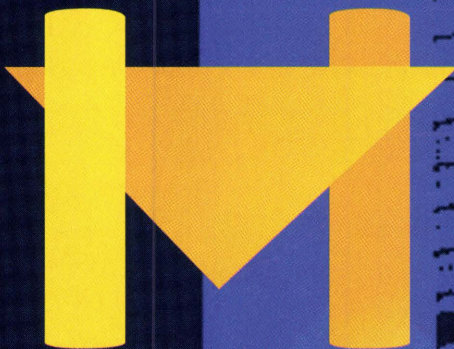
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*Reuters* has contributed to news reports in this issue of *EUROPE*.



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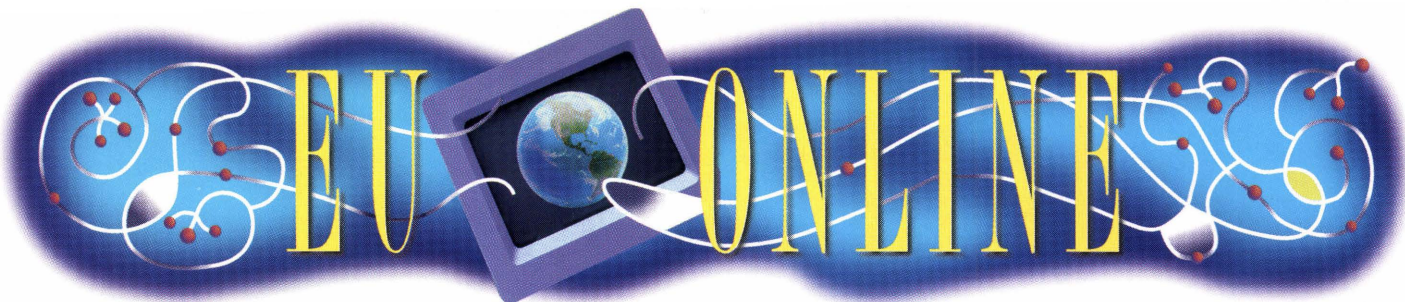


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## SEASONAL SAMPLINGS

Food is a prerequisite for holiday cheer—a bowl of eggnog, dozens of cookies, some dried codfish. Codfish? OK, perhaps the codfish hasn't caught on in the United States, but Christmas in Portugal wouldn't be the same without it. Those interested in adding an unusual dish to a holiday buffet or creating an Old World atmosphere might try some culinary Christmas traditions from around Europe.

Epicurious, the on-line food and travel Web site, has gathered food tidbits for 12 European nations on its Euro-Yule page ([www.epicurious.com/e\\_eating/e04\\_xmas/euro.html](http://www.epicurious.com/e_eating/e04_xmas/euro.html)). The site's creators have taken recipes from partners *Gourmet* and *Bon Appetit* magazines along with those from several outside sources to tempt the cautious cooks to stray from standard fare. Spiced beef would join the Irish holiday table along with a ham and turkey. Italians often favor a pork sausage called *cotechino* prepared with stewed lentils. And Portuguese traditionally will served *bacalhau*, or dried codfish. Any of these would spark conversation if not second helpings.

Bowing to the universal appeal of desserts, Epicurious has stuck mostly to holiday sweets in its recipe file. A multicultural celebration might include some Dutch *oillie bollen* (raisin-filled pastries); Scandinavian St. Lucia buns; Austrian *topfenpalatschinken* (sweet cheese crepes); and a Greek *Vasilopeta* (St. Basil's cake). And for a centerpiece, a dramatic *bûche de Noël* from France. Most recipes have large type for easy reading and no graphics, which speeds the printing but also stretches the imagination on how the finished product should look.

For the cooks who would like to create an entire meal from a single culture, two Web sites oblige. Eton Vintners fea-

tures a British "Christmas Food and Drink" page, with recipes for an entire feast ([www.etonvintners.co.uk/food.html](http://www.etonvintners.co.uk/food.html)). Traditional roast goose and potatoes, sage and onion stuffing, and Christmas pudding can be found along with a bit of history about holiday menus in the UK. The "Olde Cookery Page" offers a collection of Christmas recipes from Sweden ([www.bahnhof.se/~chimbis/tochb/swedish/xmas/xmas.htm](http://www.bahnhof.se/~chimbis/tochb/swedish/xmas/xmas.htm)). Some dishes are not exactly staples of the American diet—such as pickled herring—but the site's creator has omitted a

the bunch ([www.nagano.olympic.org](http://www.nagano.olympic.org)). The games' emblem, a combination snowflake and flower, fades into the interlocking Olympic rings on the site's home page. The layout is both colorful and easy to follow. A welcome section gives the highlights and introduces the Snowlets, owl-like creatures that serve as mascots. There is a schedule database that allows searching for a particular sport or date. A frequently updated sports section has further details on a few events and lets viewers find highlights of Olympic Winter Games going

back to 1924. Frequent visitors can find an archive of what is new to the site. And kids have their own section, which includes an animated ski trip down the mountains of Nagano, opportunity to send a note and see pictures children have sent in from around the globe. One of the most interesting features is "Stories from the Street," a collection of vignettes about the Nagano area from five expatriate Brits and Canadians. Tales of visiting a bathhouse or watching city residents evolve into Olympics hosts are much more compelling than any official press release.

The International Olympic Committee also has its own page on the 1998 Winter Games

([www.olympics.org/games/nagano](http://www.olympics.org/games/nagano)). It outlines this year's men's, women's, and mixed events and links to updates on many of the Olympic sports, but the page is more of a springboard to the Nagano site and doesn't try to compete.

CBS, the network broadcasting the Nagano Games, has had its Olympic site up since 1996 ([www.cbs.com/sports/olympics](http://www.cbs.com/sports/olympics)). It has taken a newsletter approach, with one issue every six months focusing on the athletes themselves. On a recent visit, the issue featured a cover story on figure skating highlighting the rivalry between US skaters Tara Lipinski and Michelle Kwan. Other articles briefly profiled Italian skiers Deborah Compagnoni and Alberto Tomba and

The screenshot shows the Epicurious website interface. At the top, the word "epicurious" is written in a stylized, cursive font. Below it, there are two main sections: "epicurious FOOD" and "epicurious TRAVEL". The "FOOD" section includes the text "For people who eat" and an image of a bowl. The "TRAVEL" section includes the text "You're virtually there" and an image of a building. Below these sections, there are two links: "EPICURIUS FOOD TEXT-ONLY HOME PAGE" and "EPICURIUS TRAVEL TEXT-ONLY HOME PAGE". At the bottom of the screenshot, there is a paragraph of text: "Whether you need a recipe for Chinese almond cakes or want to get from the airport to downtown Shanghai, you've come to the right place. Epicurious Food's Recipe File puts over 6,500 recipes from Bon Appetit and Gourmet at your fingertips - alongside wine tips, restaurant and book notes and practical kitchen tips. And even if you don't know exactly where you're going, Epicurious Travel's Search offers you a

recipe for the popular *Lutfisk*, because "no one in their right mind should want to eat [it] anyway."

## NAGANO COUNTDOWN

Skates are sharpened and skis waxed for the quadrennial test of wills and skills of the Winter Games, held February 7–22 in Nagano, Japan. About 3,000 athletes are expected to compete in 68 events. Favorite sports, such as figure skating and ice hockey, will be joined by newly added curling and snowboarding. Internet users can count down the days and follow the action on three Winter Olympics Web sites.

The official Nagano site is the best of



snowboarder Terje Haakonson of Norway. Hopefully CBS will update the site more frequently as the Games approach, but it still gives visitors an interesting preview of who might be on the medal stand next month.

## Site of the Month: NOBEL PRIZES

For one day in December the eyes of the academic world are focused on Stockholm and Oslo. Since the Nobel Prizes were established in 1901 through the estate of Swedish industrialist Alfred Nobel, the awards have brought international acclaim to scholars, researchers, and humanitarians whose somewhat esoteric or unpopular pursuits may have otherwise kept them obscure and perhaps struggling for funding. The prizes honor the revolutionaries in chemistry, physics, physiology, medicine, literature, and peace—those who have “conferred the greatest benefit on mankind,” as Nobel wrote in his will. Since 1968, economists have joined the fold, with the Nobel Memorial Prize for Economic Sciences.

The Nobel Foundation’s Web site ([www.nobel.se](http://www.nobel.se)) isn’t as inspirational as the award recipients. Although a bit dry, the informative site provides background on Nobel, the inventor of dynamite, and some sense of why he left his fortunes to creating the prizes. Several pages are devoted to the current year’s prize winners and summaries of their research or accomplishments. Much of this has been simplified so that even an explanation of cooling and trapping atoms with laser light, the work of this year’s physics winners, appeals to the uninitiated. In true academic fashion, there are footnotes for further reading. Visitors to the site also can search a database of past winners.

Photos of the prize winners and a bit more color would improve the site. The foundation, however, intends to go further. Plans are in the works to transform the site into the Electronic Nobel Museum, with video and sound to help describe the achievements being honored. Unfortunately, visitors will have a long wait for the improvements. The foundation plans to have the virtual museum up and running by the centennial anniversary of the Nobel Prizes in 2001.

—Christina Barron

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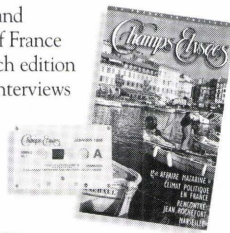
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Because the audiomagazines are periodicals, language learning never ends. You continue to improve year after year. And you won’t find a more entertaining way to work towards fluency.

### Champs-Elysées in French:

The rich traditions and contemporary élan of France resonate through each edition of *Champs-Elysées*. Interviews with fashion designer Christian Lacroix, choreographer Roland Petit, and chef Alain Ducasse, an analysis of the stunning Socialist victory in the spring legislative elections, and a feature on the life and poetry of Jacques Prévert are among the recent segments on this lively French-language audiomagazine.

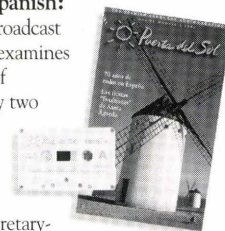


**Schau ins Land in German:** Professional journalists in Germany, Austria, and Switzerland provide a fascinating overview of German-speaking Europe every month in *Schau ins Land*. Recent programs have included profiles of Austria’s new chancellor Viktor Klima and industrialist Ferdinand Porsche, visits to Berlin’s Scheunenviertel and Lake Constance, a two-part feature on the history of Zeiss Optics, and interviews with conductor Kurt Masur and tennis ace Martina Hingis.



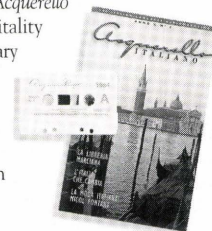
### Puerta del Sol in Spanish:

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



### Acquerello italiano in Italian:

Produced six times a year in Rome, *Acquerello italiano* showcases the vitality and style of contemporary Italy. Recent programs have included interviews with film director Mario Monicelli and politician Mario Segni, as well as features on educational reform in Italy, the reopening of the Doria Pamphilj Gallery in Rome, the impact of the Albanian crisis on Italy, and the 50th anniversary of the Ferrari sports car.



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By David Lennon

# TONY BLAIR'S

**“The Times They Are a Changing,”**

Bob Dylan's most famous song, seemed very appropriate as he toured the United Kingdom recently. It could be the theme song of the new government, of the new mood in the UK.





# BRITAIN

There is a new spirit about in the UK. Change is in the air. There is a buoyancy in the economy; unemployment is at a European low; but above all, there is a new confidence since Labor took power in May.

The emotional response to the death of Princess Diana was one manifestation; the votes in Scotland and Wales in favor of devolution are another. The IRA cease-fire and the invitation to peace talks of Sinn Fein, the militant wing of Northern Ireland Catholic nationalism, is yet a third.

The European Union is no longer the boogey man, the foreign enemy, but rather a part of the nation's future. Indeed, the government signed the EU social chapter and more recently indicated that it will be more sympathetic to UK membership in economic and monetary union (EMU).

Government is becoming less remote. Rule from afar is to be replaced by empowerment of the people. Local democracy is the order of the day. The proposal to have an elected mayor of London is the first move toward regional devolution within Britain following votes in Scotland and Wales in favor of establishing their own parliaments.

Prime Minister Tony Blair has enjoyed the longest political honeymoon of any new premier in recent history. Everything had been going smoothly until the controversy over a sizable political donation from businessman Bernie Ecclestone caused some dissension among Blair supporters in November. But all in all, the new prime minister still appears to be on a roll. He is clever enough not to spell out specific targets but to speak in generalities about improving the quality of life, education, job prospects, growing the economy, and making the UK the envy of the world.

The stiff upper lip trembled and then quivered with emotion with the death of Diana. Overnight the famed British reserve gave way to an emotional out-



pouring never before experienced in this land. Men, women, children, families of many hues flocked to the royal palaces to pay tribute to the rejected royal.

Princess Di, the archetypal modern woman racked by doubts, troubled by a bad marriage, divorced and seeking a new role in life, captured the hearts of the nation and of the world, too. Her death moved something in the British psyche. Time stood still. People wept openly in a most un-English way.

The prime minister caught the mood precisely when he spoke of the nation's grief over the death of the "people's princess." The royal family, the epitome of British upper-class reserve, cracked under the public pressure and had to show solidarity with the people in their grief over the death of Diana.

The massive May vote to throw out the Conservatives after 18 years in power showed the nation was ready for change. Events since then suggest that the United Kingdom is in an era of change and is loving it—if the opinion polls are to be believed.

**The leaders of "New Labor," Robin Cook, Gordon Brown, and Tony Blair, launched their ultimately successful New Year campaign last January. (far left) Tony Blair strolls the grounds at Chequers, the prime minister's official country residence.**



Labor believes that **putting people back to work and ensuring they have a decent job** would lead to greater social harmony, less family breakdown, reduced levels of crime, and more money for improving the infrastructure of the country.

**New Chancellor of the Exchequer Gordon Brown (shown in a breakfast meeting with his Treasury team) has inherited a fairly strong British economy.**

The economy will remain the key for the future success of the government. And outside, the world is watching to see how a reformed socialist party performs in office.

Chancellor of the Exchequer Gordon Brown accepted the overall government spending limits that he inherited from the Conservative government. This situation has given him the breathing space to pursue comprehensive reviews of departmental spending and lay plans for achieving the social goals of the government. He is lucky in that he inherited a very strong

percent. This way the government won praise for giving up some power while avoiding criticism for the rate hikes. Both government borrowing and spending have been kept in check. The unemployment rate fell to 5.3 percent in August, the lowest since 1980, and earnings were on average up 4.5 percent in the past year.

These achievements must be primarily ascribed to the policies of the last government, but Labor claims credit for keeping policies that it recognized as being beneficial for the economy.

The prime minister sees his modernization of the Labor Party as only the prelude to his modernization of the UK. His path to achieving this is through constitutional reform, keeping the economy flexible, and modernization of the welfare state.

The government's economic strategy is designed to produce higher tax revenue and lower social welfare payments. The Labor blueprint for welfare, explains Blair, is to get money out of social breakdown and into schools and hospitals. "The new welfare state must encourage work, not dependency," says Blair.

Education will be improved so that people can get higher-paid jobs. Blair said that his aim is "to make Britain the best educated and skilled country in the world, and our schools system must be modernized to achieve it."

Labor believes that putting people back to work and ensuring they have a decent job would lead to greater social harmony, less family breakdown, reduced levels of crime, and more money for improving the infrastructure of the country.

The other element in the vision of Tony Blair is to redefine the role of the United Kingdom in Europe and the rest of the world. Current defense spending reviews foresee a smaller role in Asia but more peacekeeping work, as in Bosnia.

Insiders say that Blair is personally committed to the single currency, but politically is unable to come out openly in favor of EMU. While the UK government has stated it will not join in January 1999, the government has indicated that it is more receptive to the overall concept than its predecessor.

No honeymoon lasts forever, sweet words have to be backed up by practical actions. The true test of the government still lies ahead. But in the meantime, this is a nation well content with the change it brought about in the May election. ☺

economy, which has enabled him to be fiscally responsible and to be seen as an "iron chancellor," who insists there will be no new taxes, no return to nationalization, and no featherbedding for the idle. At the same time, the strength of the economy has enabled Brown to be generous on social issues, especially in allocating more money for education. An unusual combination—an iron chancellor who cares about people.

The new chancellor got off to a good start by transferring the power to set interest rates from the government to the Bank of England. The central bank promptly set about a series of interest rate increases which pushed the rates up by more than 2



*David Lennon is EUROPE's London correspondent and the syndication managing editor of the Financial Times.*



# UK ASSUMES EU PRESIDENCY

**Tony Blair, the British prime minister, is like the man who wants to be chairman of the club but won't accept all the requirements of club membership right away. This is not as ridiculous as it sounds.**

**Mr. Blair's stated goal is that the United Kingdom should "lead in Europe," but when it comes to joining the single currency—the crucial test for fidelity to the European Union—he has made it clear that the United Kingdom will stay out for several years.**

There are sound economic reasons for this, and even the most zealous of euro-enthusiasts in other countries accept that the UK could not commit the pound sterling to a single currency in 1999 without suffering major economic dislocation. Unlike the other main EU economies, the UK is currently in the expansion phase of its economic cycle, and the last thing it needs is low interest rates on the European pattern.

Mr. Blair will, nevertheless, have a lot of explaining to do during the UK's presidency of the European Union in the first half of 1998. Ironically, the UK will be in the chair at the very moment that key decisions on the single currency—who is to join and at what rate—will be taken, at a special summit meeting in May.

As London sees it, the EU presidency should ideally furnish a kind of storefront for the UK to parade as a role model for the rest of the EU. Robin Cook, the foreign secretary, said in the fall that the UK "now has a government with a secure majority and a strong leader able to seize the opportunity to share the direction in Europe."

Essentially, the UK will try to convince the other member countries that its decentralized, market-oriented, flexible approach to employment is better than the European model of tight regulations, high social provision, and heavy taxes. Gordon Brown, chancellor of the exchequer, talks of the UK coaxing the EU into a middle way between the American and traditional European models: "a third way between rampant free market economies and stifling overregulation."

On the face of it, the British approach has been noticeably successful in preserving employment at a time when other European

countries are grappling with recession and heavy job losses. One could argue, however, that these economic burdens were accepted by others as a condition for entry into the single currency at the start of 1999.

Most EU countries attach considerable political importance to the single currency and are prepared to pay an economic price to ensure its success. In the UK the reverse is true.

Thus even the new Labor government, which is markedly more pro-European than the Conservative administrations before it, cannot ignore the weight of public and media opinion marshaled against the idea of "scrapping the pound."

Mr. Blair is too shrewd a politician not to realize that setting a firm date for entry into the single currency could be a serious liability to his reelection hopes. At the same time, the British leader has to convince his European counterparts that he is sincere in wanting single currency membership in the long run.

Less controversially, the British government has set a workmanlike agenda for its six months in the chair that closely corresponds to the priorities of the European Commission and the European Parliament. These are the start of negotiations to admit the Czech Republic, Slovenia, Poland, Estonia, and Hungary (as well as Cyprus) to the European Union and the completion of the EU's internal single market where important questions over indirect taxes and telecoms, electricity and gas markets are still to be answered.

Beyond these issues, the new Labor government will launch yet another British campaign to reform the Common Agricultural Policy, which it describes as "costly, vulnerable to fraud, and not geared to environmental protection." British ministers will argue for greater openness and democracy in EU decision making and have already agreed to some limited extension of majority voting, though the right of a single country to veto decisions in key areas will remain.

None of this is inconsistent with Mr. Cook's expressed determination "to make Britain a leading player in a Europe of independent states." Many of the new policies that the UK is proclaiming were introduced under the previous Conservative government, but only now are they being urged on the rest of the EU with the positive intention of improving the Union.

—Alan Osborn

**Foreign Secretary Robin Cook will have a full portfolio as he heads up preparations for the UK's turn as EU president.**









Can  
Tony Blair  
Prepare  
the UK for  
the 21st  
Century?

By David Lennon

THE NEW  
PRIME MINISTER

Tony Blair is exhilarating. He is enjoying one of the longest political honeymoons of any newly elected British prime minister, ever. Opinion polls in October gave him a higher rating than even Margaret Thatcher at the height of her popularity.

Having won one of the biggest electoral victories of modern times on May 1, Blair rapidly moved on a number of fronts to implement his election promise to make the UK a better, more caring and more democratic place in which to live.

Though he probably has two terms to get it right, the new premier has been moving with the speed of a man who wants change and wants it now. The youngest prime minister in more than a century at 44, Blair has got plenty of time but has been working like a man in a hurry.



Furthermore, given the Labor Party's massive parliamentary majority of 177 seats over the crushed Conservatives, he should have no problem getting his program through Parliament. Indeed, said one commentator, "if Tony proclaimed the earth was flat he would win the vote in Parliament."

Despite this, the new prime minister talks constantly about the need to make "hard choices" as a reminder to his party faithful that changing the country will mean making decisions between "nice to have" and "must have." Corporate speak, indeed, but increasingly recognized by the younger voters.

Within days of moving into the prime ministerial residence at Number 10 Downing Street, Blair turned around the Conservative government's negative attitude toward the EU and transferred the power to set interest rates from the Treasury to the Bank of England, the central bank.

Within months he had won votes in

He has redefined the objectives of his formerly socialist party, which had advocated the redistribution of wealth, talking instead the language of individualism, hard choices, and the rule of the free market.



The Blair family vacationed this summer in Saint-Martin d'Oydes, France.

The only danger to a continuation of the triumphal progress of Tony Blair—and today it is distant and remote—may

for party reforms not necessarily to their benefit.

His mission to modernize the UK's political structure has introduced the concept of regional government. It is part of the Blairite aspiration for the democratic renewal of the whole United Kingdom. He wants to bring an end to the era of big government.

Other plans to change the unwritten constitution of the UK include a freedom of information act, a referendum on changing the voting system, expulsion of hereditary peers from the House of Lords, and incorporation of the European Convention on Human Rights as a British statute.

"The challenge is to modernize our govern-

nance to better reflect the aspirations, initiative, and creativity of our people," explains Donald Dewar, secretary of state for Scotland. During the election Blair was accused of being a Clinton-clone. His rapid rise to power, the repositioning of his party by embracing centrist policies, and a new, vaguer rhetoric have all the hallmarks of the US president.

Indeed, Blair's performance in office has been more presidential in style than any premier before. Prior to the election Blair sold himself as the embodiment of the revitalized "New Labor" party. In government he has centralized power to an unprecedented degree. Blair is "the new government."

The prime minister also showed a Clinton-like understanding of the public mood in his reaction to the death of Princess Diana. Tony Blair's public expression of his personal feeling of loss, his description of her as the "people's princess," showed that he and his advisers are in tune with the changed nature of the UK at the end of the 20th century.

He led his party to a landslide victory after 18 years in the wilderness; he rapidly began to implement his reform program; and he has captured the public mood. He knows that the longest honeymoon in British politics will have to end one day, but in the meantime, Blair is king of the castle. ☺

**"The challenge is to modernize our governance to better reflect the aspirations, initiative, and creativity of our people..."** —Donald Dewar, secretary of state for Scotland

referendums in Scotland and Wales that granted them more regional autonomy within the United Kingdom. In the same period, even the IRA seemed to cooperate, declaring a new cease-fire and allowing its political wing, Sinn Fein, to join in talks on the future of Northern Ireland with the very reluctant Unionists, who believe that almost any change is to their disadvantage.

With all electoral threat from the demoralized and divided Conservative Party removed, Tony Blair is riding high. Like Clinton before him, he borrowed many of the policies of the rival, opposition Conservative Party, placed Labor in the center, and left the Tories nowhere to go but to the extremes.

come from within the party or from the trade unions. The bulk of the party members and of the unions remain substantially to the left of the "New Labor" government.

So far he has not had to face any challenge from the trade unions, even though they are deeply suspicious of the new Labor Party policies, which appear to most of them to favor the bosses over the workers.

But they recognize that after 18 bruising, emasculating years under profoundly hostile Conservative governments, any Labor government has to be better. Indeed, at the party convention this fall the unions actually backed Blair to help him win a majority



By David Lennon

# Mo Mowlam

## Will the Dynamic New Secretary Find Peace in Northern Ireland?

Mo Mowlam is the first woman to hold the thankless task of being the secretary of state responsible for Northern Ireland, and she has scored a huge success after just a few months on the job. The IRA declared a cease-fire, and all parties joined the political talks on the future of the province.

Northern Ireland has been a graveyard for many political careers, but her high profile walkabouts, her hugging and kissing all parties has made it a platform for her to become the highest profile woman in the new Labor cabinet.

"If you haven't been kissed by Mo you must have been running very hard in the opposite direction," quipped one participant bemused by the contrast between her and the aloof Sir Patrick Mayhew, who held the post for the Conservative government.

In Belfast restaurants the secretary of state for Northern Ireland has been known to pick her way around the tables, stealing diners' French fries as an opening gambit to conversation. This comes as little surprise to those who know her as an outspoken individualist who occasionally puts her foot in it.

She says her woman-of-the-people appeal is "probably to do with me wanting to be liked, wanting life to be as enjoyable as possible."

Mo Mowlam has a Clinton-like memory for names, a huge advantage for a politician, and a skill that she attributes to her training as a telephone operator, which she says gave her a good memory for names and numbers and an ear for voices.

She smoked marijuana and decorated her room at Durham University with a picture of a half-naked Jimi Hendrix. Then Mo followed her boyfriend to Iowa University, where she completed a Ph.D. degree in political science. She returned to the UK in 1979 to become a university lecturer.

Her private life used to be, in her own words, "untidy" until 1992 when she met the man she subsequently married and whose two children provided her with an instant family. He does all the shopping and the cooking.

Aged 47, she is curiously classless and as ideologically baggage-free as Tony Blair, whom she supported early for the party leadership. Her reward was one of the toughest jobs going.

She did make mistakes at the beginning, during the marching season, but she corrected them with great political skill, regaining the confidence of the Catholics in the process. Winning a new IRA cease-fire, bringing Sinn Fein into the talks, and persuading the Unionists to attend was brilliant.

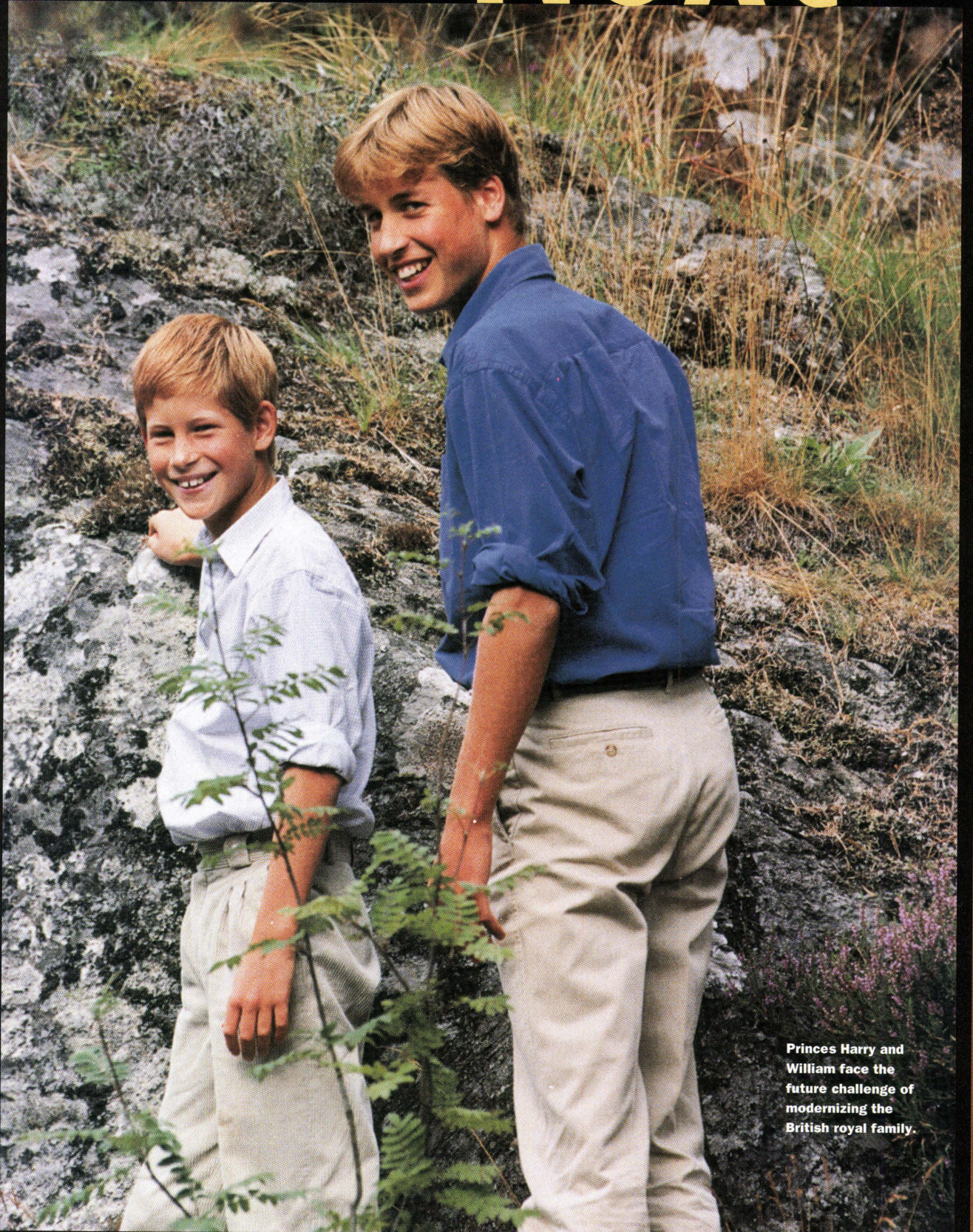
But no one in Northern Ireland can forget that the IRA ended a previous cease-fire after 17 frustrating months of non-negotiations under the enfeebled Conservative government.

Mo Mowlam certainly is liked and is admired for having brought the warring factions to the table. But whether charm and courage are enough to resolve a centuries-old conflict is another question. ☺



United Kingdom

# Can the Next Ge



Princes Harry and William face the future challenge of modernizing the British royal family.



# Generation Remake the Monarchy?

**The massive outpouring of grief and sympathy on the death of Princess Diana dramatically illustrated the way the United Kingdom has changed from a controlled, stiff-upper-lip society to a nation where it is okay to show emotion, even to cry, in public.**

**By David Lennon**

The royal family is the epitome of that social reserve. Rarely showing emotions, rarely touching each other in public. Controlled, disciplined, private.

Diana was the antithesis of that. She touched people, physically and emotionally. She was a modern woman who wore sweatshirts and sneakers, went to a public gym, and took her children to a supermarket and a fun fair.

She revolutionized the royal dress code by choosing stylish designer clothes. She became the most fabulously, fashionably dressed and most photographed woman in the world.

But she was not able to break through the barriers of the royal family's emotional frigidity. Eventually this broke her. After she went public with the tales of her miserable marriage and the cold aloofness of life among the royals, Diana became the role model for millions of women worldwide.

The queen was so bitter about Diana breaking the family code of silence that she insisted that Diana lose the title of Her Royal Highness when she divorced Prince Charles.

It came as a great shock to the queen and her family when they saw the massive public response to Diana's death, and they failed to respond with any public sign of sadness. The public were out-

raged that "the people's princess" was being snubbed by the royal family.

The death of the princess of Wales also triggered one of the most intense debates about the monarchy since the abdication of Edward VIII more than 60 years ago.

An opinion poll conducted a week after the funeral showed that if the family hopes to restore its place in the affections of the public, it will have to undergo radical change. Eighty percent of those polled believe that the royal family has lost touch with the people, that it should modernize, and that it should abandon its aloofness.

The poll confirmed how the queen and the prince of Wales have plummeted in public affection. They are on the defensive and must achieve a new relationship with their subjects, and seek a new role more in line with modern Britain.

Diana was seen as the modern against the traditional. She was a royal yet also managed to be one of us. No other royal has been able to achieve that. Because of her turbulent personal life, Diana became an icon for troubled 30-somethings. They identified with her attempts to build a new life after the divorce, to take control of her own life, to recreate herself.

The royal family must also recreate itself if it is to survive. Royal watchers believe that the family must change the way in which they exercise their influence and should move away from hidebound convention and the old establishment.

If they can do this, then with the emergence of a new generation, led by the children of Princess Diana and Prince Charles, the royal family may be able to preserve its place in the life of the UK. If they fail, then scrapping the monarchy may become another part of the planned reforms of the constitution. ☉



# Ron Davies

## WELSH SECRETARY OF STATE

Ron Davies, Wales' secretary of state, was interviewed in Cardiff in October by *EUROPE* Editor-in-Chief Robert J. Guttman. Davies speaks out on Labor's pro-Europe policies, the euro, the new Welsh Assembly and foreign investment in Wales.



### EUROPE INTERVIEW

**Explain the recent vote in Wales on devolution. How is this going to help Wales? What will the new Assembly be like, and how will it be different from Scotland?**

In the case of Wales, the union with England preceded that with Scotland by some 200 years. We don't have a separate body of Welsh law. The law of England, therefore, applies to Wales. And the government has taken the view, increasingly over the last decade, that the best way of allowing for the distinctive developments in health and other services has been for the Westminster Parliament to initiate a primary legislation. Basically what will happen now in Wales is that the current functions of the Welsh Office, which is a budget of several billion pounds per year—[with] powers to initiate secondary legislation and powers to administer a whole range of functions, such as economic development, education, training, the environment, and health services—all of those functions will now pass through the Assembly. The Assembly will be a democratically elected body of people, who will provide a voice for Wales, will administer public services in Wales, and will be responsible for raising the image and profile of Wales, both in the UK and internationally. Those were the proposals.

We now have won the referendum and the turnaround in Wales was almost as twice in fact the turnaround in Scotland. So it was quite remarkable to learn that now we have the prospect of legislation going through Parliament here in the next 12 months or so, which will provide for the Assembly and the first Assembly elections will be held in May of 1999. The Assembly will be created and will be up and running 12 months, in fact, before the Scottish Parliament. It's a new dawn breaking, and the Assembly will give us the opportunity to develop within the UK framework because the UK obviously will retain responsibility for foreign affairs and defense policy, for macroeconomic policy, and for taxation. It will allow for the development of a much more distinctive approach to the problems of economic regeneration, the problems of educa-



tional training, particularly helping to build partnerships between the private and public sectors, how we regenerate the local economy, reclaim lands, and invest in infrastructure and buildings for the universities. It will allow us a much more vigorous and innovative approach. And I have no doubt that the dawning of this new democracy will result in a considerable increase, as well, in economic prosperity.

### **How important are American firms to Wales?**

We have very good links between Wales and America, which have been built up over the years, largely built on expatriate feeling. We have relied on US and other foreign investment over recent years to give the Welsh economy a boost. What we now have to do is to make sure that we concentrate on those sectors of the economy which are likely to be the fastest growing and where we in Wales already have a head start, areas such as communications technology. America, obviously, is very much to the fore, and if we can build up links between those and America, I'm sure it will be to our mutual benefit.

### **What does Wales offer foreign investors that other places around the EU do not offer?**

The language obviously is very important because English is the language of the international business community. People who want to locate within the EU know that if they locate here, or anywhere in Britain, they will have that huge advantage. The language which is spoken in America, or the second language which is learned in Southeast Asia, is the language used here in Wales. It helps to minimize language difficulty; that's very important.

Certainly within the context of Britain as a whole, we in Wales have shown over the years that by the vigorous partnership approach, and by using the power which is devolved to the Welsh Office at the moment, we can make very attractive offers to potential inward investors. By the partnership between the Welsh Development Agency, the Welsh Office itself,

and local authorities, it is possible to put together packages which are very, very attractive to potential inward investors. And then the general economic conditions here in Wales are very attractive to potential inward investors in the sense that we've got an abundant labor force—that's a code, of course, for having levels of unemployment which are far too high. But the work force is very adaptable. We've got a good tradition of skilled workers. They have a high commitment, high loyalty to employers, a good sense of community, and certainly the companies which have come to Wales have all, without exception, expressed their very great satisfaction with our work force.

### **Is the UK's new Labor government pro-Europe?**

Very much so. The Labor Party is very much a pro-European party. But that doesn't mean to say that we will allow European interests to ride roughshod over us. We are prepared to cooperate with our European partners, and the evidence is that by being prepared to cooperate, you actually get a better deal than if you follow the intransigent approach which previous administrations have followed. Yes, we are pro-European. We do want to cooperate. We do want to see the European Union develop. We want to see it a confident and outward-looking union which maintains links with the United States and the developing countries, in Russia and the former Soviet Union.

### **What do you think will happen regarding the euro? What's your view and the party's view on joining EMU in the first wave?**

My view, of course, as a member of the cabinet has to be the government's view. And that is that we have no objection in principle. In fact, we support it as a matter of principle, but we have to make sure that the terms on which the single currency is to be developed are themselves sound and defensible and sustainable. And then we have to ensure that the terms of entry which would apply to Britain are terms of entry which the British economy can manage and sustain

over a period. Now we're not in the position to make that judgment yet, but I would hope that we would be in position to make that judgment in the not-too-distant future. Certainly the chancellor [of the exchequer, Gordon Brown] is working very hard. I have to note that at the appropriate time the cabinet will come to a decision, and we then, of course, will test that move by a referendum of the British people.

### **So there would have to be a referendum to decide to go in?**

If the British government decides to go in, then we will seek consent. Certainly in this Parliament we will seek consent by means of a referendum. It will be possible, of course, if the decision were to coincide with the next general election; it might then be possible to seek the consent of a general election. But certainly we are committed to seeking further specific consent before entering into a single currency.

### **What about your constituents in Wales and also across the UK? Is there much support for the euro, and how would you try to promote it if you did decide to go into the EMU?**

The promotion of it would have to be done on the basis that the British economy is stable and set on a sustainable course and that it would be based on the judgment of the British government that a single currency would be good for investment, would be good for trading, stable conditions, like throughout the European Union, in which nations and their economies can flourish. We are very much part of the community of nations, and certainly it's my belief that Wales is more strongly pro-Europe than other parts of the United Kingdom. And this is expressed by the way that we've built up links with the Committee of Regions. So the idea of a Europe of regions is something which fits very comfortably with the way in which the devolution of power to Wales is occurring.

### **Why is Prime Minister Blair so popular?**

He just has caught the mood of the British public. People look to politi-



# EUROPE INTERVIEW

icians certainly for inspiration, for leadership, and look for personal qualities which they can respect. And in that sense, he very much personifies the sort of leader people do feel comfortable with and can respect. But more than that, more or less having a personal example, he's got a very clear view of what people expect politicians to deliver. He doesn't go in for great flair or flights of oratorical fancy. What he does is to concentrate on the things which matter to people. And what people really want is the opportunity to use their talents, to develop their own potentials, to get jobs, to care for their families, to be personally prosperous, and to have safe streets and decent public services, particularly health and medication. And that's the message which he has been presenting to the public. People realize that the state government is determined to try to help.

### **Is this a new dawn for the Labor Party?**

I generally do believe that there is a new relationship which is being formed between the Labor Party, the British government, and the British people.

### **Could you define the government's top two or three goals? What are Labor's goals for getting the British economy moving again?**

Let me reply in respect to Wales. I'll come back to the UK when I'm done. It is very important that we raise the profile of Wales during the coming years. We have some marvelous opportunities. We in Cardiff are hosting the European summit next year. The year after that, in 1999, we're hosting the Rugby World Cup, and that will mean that the eyes of the world then will be focused on Wales. I believe 1999 will be the first part of the democratically devolved government. So eyes will be very much on Wales. And what I want to do is project the image of Wales, which is comfortable, which is positive, which welcomes visitors, and which is determined to improve its economic performance. We have many advantages here in Wales in terms of the

environment, in terms of the opportunities for investment, in terms of

the prospects for economic growth in a secure society and a pleasant environment. And I want to make sure that we project that worldwide so we can build up our reputation for being a friendly and welcoming country. In terms of the UK as a whole, the essential objective must be to create stable economic conditions so that we get away from the cycles of "boom" and "bust" that we have seen annually in the Welsh economy over the years. And a central part of that strategy must be to make sure that we move toward higher levels of employment, particularly getting our young people back to work, and particularly raising skill levels.

### **Would you say the new Labor is somewhat similar to the Democratic Party under Bill Clinton?**

There are many comparisons which are valid. But, of course, the Labor Party in Britain has its own distinct origins, as does the Democratic Party in the United States. But certainly, it is a case that politics are changing, and just as the Democratic Party has rebuilt itself under President Clinton, so the Labor Party is modernizing itself under Tony Blair. It's true to say that there are many comparisons, but of course they are in different countries and different traditions, different values, but certainly there are some very clear parallels.

### **How do you explain the phenomenon of such huge displays of public grief over Princess Diana's death? This is something unprecedented. What do you attribute it to?**

She came over very much as a human figure, someone who obviously had great drama in her personal life, yet throughout it all retained an enormous dignity and had enormous respect for people who—and even given her own personal trauma—were facing trauma themselves, in the way that she reached out to people, be they people terribly ill with AIDS, or people who were homeless, or victims of land mines,

or victims of famine or starvation. The fact that she obviously and so genuinely had a feeling of personal rapport and personal affection for people in those circumstances just struck a chord in people's hearts. It's a lesson to us all that there is a great deal of goodness in people.

### **Were you surprised by this outpouring?**

Certainly in terms of my own view, I had a feeling of great affection for her, the way in which her life over the last couple of decades had followed these torturous paths. This made her a figure of great tragedy, obviously. So I certainly felt that she had had a very difficult life, and found great sympathy and great affection for her. I wasn't aware of the fact—I don't think anybody could have been aware of the fact—of just how she had touched so many hearts. But clearly she had. And so it really is one of this century's great tragedies that it took such an appalling accident and such a tragic loss of life for that affection to be demonstrated in the public that we saw.

### **People used to talk about Ronald Reagan and Margaret Thatcher's special relationship. Do you think we'll see this now with Tony Blair and Bill Clinton?**

Yes, very much so. I was present, obviously, in the cabinet back in June when President Clinton came over and met the British cabinet. And it was obvious then that there was a very, very warm personal rapport between the two of them. And there's no doubt that they do represent a particular strand in modern politics, both of them do, distinctive in each country, but there are, as I said earlier, very clear parallels. And I was struck by the sense that there was a very warm personal rapport. I was also delighted to take the opportunity when President Clinton was in the meeting of the British cabinet, to remind him that if there was one message that he should take back to the United States it was that there would be a warm welcome for anybody who wants to come from America either to visit or to invest or to work in Wales. There would always be a very warm welcome in Wales. ☺



# WALES

## Land of Tradition and a Culture With a Future

Wales is sometimes referred to as one of Britain's best kept secrets. An air of mystery surrounds the purple Welsh mountains and is part of the beguiling Celtic character of this country on Britain's western shores.

With a population of just 2.9 million, this compact country—no more than 130 miles from north to south—offers an escape from the pressures of modern living in some of Britain's most beautiful surroundings.

Wales boasts three National Parks—Snowdonia, the Brecon Beacons, and the Pembrokeshire Coast; five Areas of Outstanding Natural Beauty—the Wye Valley, the Isle of Anglesey Coast, Llyn Peninsula, Gower Peninsula and the Clwydian Hills—not to mention eight cathedrals and twelve islands full of rare wildlife!

Wales is full of surprises, and the biggest of all is Cardiff, its stylish capital. Cardiff is a modern, go-ahead city with a rich history, dating back almost 2,000 years. Its long, varied history is reflected in the Roman walls, Norman keep and Victoriana decor of Cardiff Castle, as well as in the stunning neo-classical architecture of the Civic Center.

Enhancing the allure of the inner city is the remarkable transformation, over a ten-year period, of the capital's docklands. Some \$1.2 billion of private sector money has been invested in Cardiff Bay, as part of a \$3.6 billion development program. Today, a million visitors a year come to the Bay. Future developments include a five star Forte hotel, scheduled to open before next summer's European summit in Cardiff, and a \$125 million arts and museum complex—the Wales

Millennium Center.

In 1999, the eyes of the world will be on Cardiff when it hosts the Rugby World Cup, the fourth largest sports competition in the world, and the biggest event ever held in Wales. The Millennium Stadium, where the cup final will be played, will be the largest venue of its kind in the world. The event will place Wales in the international spotlight, and will undoubtedly transform it into Britain's best known secret.

### IS IT ANY WONDER THAT MERLIN LEARNED HIS MAGIC HERE?

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# WATERS OPEN FOR B

**“Location, location, location.** Never underestimate location. I know people in the United States certainly don’t. It is so key as are the infrastructure, quality of communication, proximity to customers, quality and attitude of the work force, and its productivity. That is why we say that Wales is the best business climate in Europe,” declares David Rowe-Beddoe, the chairman of the Welsh Development Agency (WDA).



# S COMPLEX LAKING CEREMONY

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By Robert J. Guttman

# BUSINESS

Obviously the chairman of the agency assigned to attract new business to its region will be a salesman of the first order in promoting his country's assets and trumpeting its accomplishments. This is to be expected. What is not expected is how Wales, previously known for its coal mining, has transformed itself into one of Europe's top locations for Japanese, Korean and American business firms especially in the automotive and consumer electronics fields.

Wales has reason to be proud of the fact that LG, the leading South Korean

semiconductor and consumer electronics conglomerate, is now furiously building several plants outside of Cardiff, the capital of Wales.

According to the WDA chairman, "LG is the largest foreign direct investment in terms of the creation of jobs ever made in Europe to date: 6,100 jobs. In terms of capital spending it is \$2.5 billion. The combination here in Wales is of two businesses of LG, which is LG Electronics and LG Semicon."

Actually Mr. Beddoe's estimate of LG's job creation in Wales could be considered conservative. The figure

**The LG factory, for which ground was officially broken last January in Newport, Wales, produced its first computer monitor in November. The facility currently employs 500 workers, with an additional 5,600 jobs to be added over the next five years as LG gears up to produce 2 million units per year.**

"could be 8,000 employees by the year 2005," according to Joseph Jun, managing director and president of Europe for LG Semicon Wales Ltd. "LG Electronics will begin operations this year, and the beginning of 1999 LG Semicon hopes to start operations."

Not only is the LG project the largest foreign investment project ever undertaken in Europe, it is the single biggest job creation project in the United Kingdom.

The LG Group "will operate on a 250-acre site in South Wales, and the facility will house LG Electronics and the LG Semicon, Ltd wafer fabrication and assembly plant that will manufacture semiconductors. It is LG Semicon's first operation outside of the Asia Pacific area," says the managing director of LG Semicon Wales Ltd.

Mr. Jun cites the many advantages of locating the company's European operations in Wales, including being closer to its customers, primarily American computer firms with offices in the UK and Ireland, including Compaq, Dell, Apple, and Gateway. "Wales was also chosen because they have experienced engineers, flexible workers, good universities, lower costs, and the language," says Mr. Jun.

It is interesting to note that most of the people *EUROPE* talked with spoke positively about the Welsh capacity for hard work and for working as a team. Mr. Beddoe says that the Welsh approach to labor is well documented throughout the region's history. "Through the enormous expansion of the coal industry, the Welsh worker developed a capacity for hard work. When working in deep mines, you work as a team because of the extreme danger. Although our coal industry is now mostly gone and we have replaced it with modern manufacturing businesses, the camaraderie is instilled in these people."

In addition to the huge South Korean investment of LG Semicon and LG Electronics, Wales also has "the greatest concentration of Japanese electronic manufacturing and consumer



electronics anywhere in the world outside of Japan or North America. Sony's main European television plant, located in Wales, produces more than one million television sets a year and exports these Welsh-made televisions to the United States and other markets around the world," according to the ebullient and colorful chairman of the WDA.

An interesting sidelight to why the Japanese have so many investments in Wales comes from Mr. Beddoe, who points out similarities in Welsh and Japanese culture that most people would not normally recognize. In a serious vein, the WDA chairman says, "Japan and Wales are two countries that eat seaweed. I am not telling you anything that is not 100 percent true. We eat seaweed, and it is called 'laver' bread. Also, in the late 19th century our Welsh coal was a coveted supply source to the Japanese navy as it was basically smokeless. And there is a similarity in our poetry. We have an ancient verse form called an 'englyn' and the Japanese have a form they call a 'haiku'. And of course we have golf courses, and the Japanese love golf over here."

And most people probably thought huge global firms only made their decisions on purely economic and business terms. Obviously, in these days when there are nearly 600 economic development agencies across Europe seeking foreign investment, many factors enter into the equation of where to invest, including not only generous tax credits and incentives but gastronomic and sporting similarities like seaweed and golf. Whatever it takes, Wales is definitely out front in attracting foreign investment.

The largest foreign investors in Wales are from the United States. There are 180 North American firms in Wales, including Ford, General Electric, Alcoa, Alberto-Culver, Dow Corning, TRW, Borg-Warner, Allied-Signal, and Warner Lambert, employing more than 30,000 people in this land of castles and beautiful scenery. Ford is the largest American investor in Wales. In October, Ford announced an additional investment of \$520 million in new facilities and equipment at its Bridgend engine plant in South Wales. Ford makes their Jaguar engines in Wales.

Have you driven a Welsh car lately? Obviously no one has because a completely assembled car is not manufactured in Wales. But, "you could actually build a car with all the components made in Wales," says Paul Humphries, the plant manager for Allied Signal, one of the Dow Jones 30 industrials, based in southern Wales. Mr. Humphries says that the large American conglomerate with well-known auto parts brands, such as Fram filters, Autolite spark plugs, and Bendix brake components, "bought a plant in Wales three years ago from Ford to be able to supply Ford globally. Our only spark plug operation in Europe is here in Wales." He

cites the tradition of the "auto business in Wales and the UK and the fact that Wales is known as an automotive supplier" as reasons for Allied-Signal to be based here.

What would be the make-up of a Welsh car? Borg Warner makes transmissions and suspension systems; Tenneco makes automotive pressings; Robert Bosch manufactures electrical components for automobiles; Valeo makes cooling and heating systems; Dow Corning makes coatings for airbags and foam for car seats; and Toyota and Ford make car engines.

According to Mr. Beddoe, "The auto components sector in Wales accounts for more than 20,000 jobs and generates more than \$3 billion in sales. Nearly 30 percent of all automotive investment in the United Kingdom is in Wales. Because of this Wales is a significant part of the global motor industry."

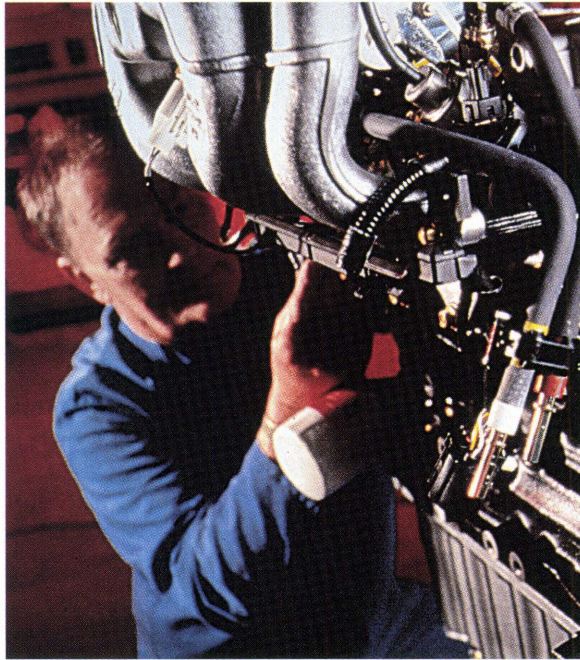
Besides the work force, access to ports, colleges, lower costs for housing and workers, the operations director at Alberto-Culver, Eric McK Houston, says one of the key reasons the US-based hair care and personal products firm located here was, in part, because the Welsh Development Agency "did the best selling job to get us here." He also points out that Wales provides a great work force and a good quality of life. As he states, "The people in Swansea take their leisure seriously."

From the Welsh businesspeople to the heads of the American, Japanese, German, and South Korean companies based here, there is a strong pro-European slant to their firms. Europe is a key topic for all of these businesspeople. The euro and its advantages for business in general and for their firms in particular was constantly mentioned.

Is Wales on the periphery of Europe? Absolutely not according to Mr. Beddoe, who "positions Wales as the gateway to Europe, the largest sophisticated consumer market in the world."

Wales may not be the biggest region in Europe, but it has snagged the largest foreign direct investment in terms of jobs being created with LG. Wales is not the largest part of the UK, but it has one of the most aggressive and dynamic development agencies in the country. Wales does not produce assembled cars, but it produces everything else as an auto parts center and takes pride in building the so-called "Welsh car."

If you are involved in international business and are looking to locate somewhere in Europe don't be surprised if you hear from the Welsh Development Agency in the near future. They are setting the standard for aggressive marketing, and they will be in touch to let you know that Wales is open to your business. ☺



Ford builds Jaguar engines at its Welsh plant.

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



# Inside

# EUROPE

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## EU NEWS

### EU HOLDS JOB SUMMIT

European Union leaders vowed to help their 18 million jobless citizens find work, and for once, there's a good chance they will keep their word. The 15 leaders confronted the EU's biggest problem—a jobless rate twice that of the US and three times Japan's—at the first summit exclusively devoted to employment in the bloc's 40-year existence.

The late November meeting in Luxembourg committed the EU for the first time to a coordinated approach to tackling unemployment and backed plans to raise \$10 billion to finance small and medium-sized firms.

The summit took place at a critical time in the EU's calendar as it begins the countdown to the launch of the single currency, the euro, in January 1999. Faster economic growth in 1998 promises to cut the dole queues, but the fallout from Asia's financial crisis could slow down the European recovery.

Skeptics, who had questioned the need for the summit, dismissed the action plan claiming Europe can only create jobs by embracing root-and-branch reform of labor market regulations.

EU leaders, however, sidestepped the rows over the flexible Anglo-Saxon hire and fire culture and the European social model that have marred previous discussions of unemployment.

But no one sought to play down the gravity of the problem—more than one in ten Europeans is on the dole. The real figure is much higher as millions of unemployed aren't counted as they have dropped off the welfare rolls or have given up looking for work. The contrast with the United States highlights Europe's failure. When unemployment scaled a postwar high in Germany in the summer, it fell to a 24-year low in the United States. The US has created 12 million jobs in the past five years, while Europe has produced no net increase during the period. And it could get worse: a bitter winter in Germany could push unemployment, currently 4.7 million, to more than 5 million next January or February, according to the country's leading economists.

While the Luxembourg jobs summit initially was a political event—it was called at the insistence of France's new Socialist government—it served to focus the EU's attention on its biggest challenge.

And EU newcomers detected a change in thinking at Luxembourg. Tony Blair, the UK's Labor prime minister, hailed the summit because it had talked about “investing in people rather than regulations and imposing costs and burdens on industry.”

Unemployment isn't uniform across the 15 nations of the EU. It is at its lowest in the United Kingdom and the Netherlands, at 5.2 percent and 5.3 percent respectively, and at its highest, 20 percent, in Spain. In its two largest economies, Germany and France, it is more than 11 percent and rising.

The Luxembourg summit committed member states to submit a yearly jobs action program to their EU partners. EU leaders also agreed to ease regulations on small businesses, promote flexible labor markets, and reverse the trend toward higher taxes and charges on labor that are among the highest in the world.

The UK, which takes over the EU's rotating presidency in January, no longer slavishly promotes the US model over the continental European system as it did under the Conservatives but seeks a “third way,” mixing the best of both regimes. “The US has jobs growth but still lacks social cohesion; Europe has greater social cohesion but little jobs growth,” according to the UK's chancellor of the exchequer, Gordon Brown. “The challenge is to have job creation with social cohesion.”

The UK and the Netherlands are role models for the rest of Europe because they have more than halved their jobless rate close to the US level. And there are signs the flexibility they preach is being adopted across the EU, including Germany where unions are making concessions on working practices to save jobs.

France and Italy, which have pledged to cut the working week as a way to reduce unemployment, are going against the tide, but they too are likely to fall in line when monetary union begins in 1999.

Many economists believe monetary union will pose a serious challenge to Europe. A single monetary policy likely will lead to wide differences in unemployment rates in participating countries. EU leaders recognize the danger and know they can no longer afford to postpone labor market reforms. That was the unspoken message from Luxembourg.

—Bruce Barnard



## McALEESE ELECTED IRISH PRESIDENT

Everyone in Ireland agrees that Mary Robinson, the Irish Republic's seventh president and recently appointed United Nations' commissioner for Human Rights, is a hard act to follow. By general consensus, Mrs. Robinson was the most innovative and successful incumbent since the office was established in 1937.

But Mary McAleese, a former Belfast law professor, was sworn-in as the country's second female president in November. She says she plans to continue the Robinson legacy with peace in Northern Ireland as her main priority.

The 46-year-old mother of three is the first Irish president from Northern Ireland, a Roman Catholic from the Ardoyne area of West Belfast, but her family was forced to leave the city and settle in Rostrevor, County Down because of sectarian attacks on the family home and her father's public houses.

In 1973 she graduated with an honors law degree from Queen's University in Belfast. She studied at the bar for a year, spent another year dealing with mainly criminal and family law cases, then became a professor of criminal law in 1975 at Trinity College, Dublin—succeeding her presidential predecessor, Mary Robinson. Four years later, she became a journalist-anchor with Radio Telefis Eireann, the Irish national broadcasting service—a bitter experience, by her own account. She was suspended from the journalists' trades union for double-jobbing, but she claims this action was prompted by her links with the Roman Catholic hierarchy.

Two years she returned to teach at Trinity, where she trenchantly criticized aspects of the criminal justice system, and later served as an adviser to the Roman Catholic Bishop's delegation in a national forum seeking a new approach to settling Ireland's ancient woes.

In more recent times, she has played a role in the Northern Ireland peace process as a member of a group headed by a Belfast priest. Surprisingly, this information only emerged in leaked Irish government documents and prompted a bitter exchange during her presidential election campaign.

In 1994 she became the first woman pro-vice-chancellor of Queen's University.

President McAleese says she abhors "glib labels." And her friends agree that she is a complex person, a committed Roman Catholic who expresses strongly conservative attitudes and equally forceful liberal views. She has spoken against integrated education for Roman Catholic and Protestant children but supported the reform of the law on homosexuality. She has also spoken at length—and often—about her religious faith and resigned from the Irish Council for Civil Liberties when it opposed an amendment to the law on abortion.

Her presidential victory was clear-cut. What is not quite so clear is how she will follow in the openly liberal role created by Mary Robinson. The Irish people have seven years to find out.

—Mike Burns

## KYOTO SUMMIT

Some 5,000 participants from more than 170 countries gathered in Kyoto, Japan, December 1–10 to address the issue of global climate change at the UN-sponsored Conference of Parties. The EU delegation, led by Luxembourg Environment Minister Johny Lahure and European Commissioner Ritt Bjerregaard, proposed cutting "greenhouse gas" emis-

sions by 7.5 percent and 15 percent by 2000 and 2010, respectively. The US sent—in addition to its delegation led by Undersecretary of State for Economic Affairs Stuart Eizenstat—Vice President Al Gore, who emphasized the US position that any agreement should include global participation.

## TRANSATLANTIC SUMMIT

As leader of the country that holds the EU's rotating presidency, Luxembourg Prime Minister Jean-Claude Juncker joined with European Commission President Jacques Santer, Commission Vice President Sir Leon Brittan, and Luxembourg Foreign Minister Jacques Poos to meet with President Bill Clinton at the White House on December 5. The leaders discussed progress on the New Transatlantic Agenda in addition to a variety of issues, including European monetary union, EU enlargement, electronic commerce, and WTO issues. The meeting was part of the twice yearly summits designed to further cooperation in a number of economic and political areas.

## TABD MEETS IN ROME

More than 100 European and US CEOs and government leaders attended the third Transatlantic Business Dialogue in Rome in November to discuss ways of eliminating trade and investment barriers in the US and European Union. The European Commission delegation was led by Vice President Sir Leon Brittan and Commissioner for Industry Martin Bangemann. The US government delegation was led by Deputy Secretary of Commerce Robert Mallet. Building upon previous achievements reached in Seville and Chicago, the Rome conference addressed such issues as regulatory cooperation, the WTO financial services negotiations, and electronic commerce issues. The current chairs, Dana Mead of Tenneco and Jan Timmer of Philips, handed over the reins for 1998 to Lodewijk de Vink of Warner Lambert for the US and Jürgen Schrempf of Daimler-Benz for the EU.

## THE MONNET PRIZE ANNOUNCED

The European Commission's Washington delegation announced that it is establishing a student essay competition in the name of Jean Monnet, architect of European integration and a lifelong proponent of closer European-US ties. This year's competition is based on the theme, "Europe and the Millennium: New Members, New Currency, Agenda 2000." The top three essayists will receive cash prizes of \$1,000, \$750, and \$500. Entrants must be enrolled in a US undergraduate program. For more information contact the academic desk at the Delegation of the European Commission, 2300 M St., NW, Washington DC, 20037.

### INSIDE EUROPE

#### Correspondents

Bruce Barnard, Mike Burns

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

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**Merrill Lynch** announced it will purchase **Mercury Asset Management**, a British fund management firm, for \$5.3 billion. The firm, which will be based in London, will be one of the largest fund management groups in the world.

•••

Europe's merger wave rolled on with the insurance industry setting the pace while other sectors, from pulp and paper to the media, were swamped by takeover speculation.

**ING**, the acquisitive Dutch financial services giant, struck Europe's biggest cross-border banking deal with a \$5.4 billion bid for **Banque Bruxelles Lambert**, Belgium's third-largest bank.

ING was immediately overshadowed by **Allianz**, the German insurance giant, which made a friendly \$10.3 billion takeover offer for **Assurances Generales de France** (AGF), France's second largest insurer. The Allianz offer, made after AGF rejected a hostile bid by Italian insurance group **Assicurazioni Generali**, would create a global behemoth with \$63 billion in annual premium income and \$277 billion in assets. Only **Nippon Life** of Japan and France's **AXA-UAP** would be bigger.

•••

European firms overtook their American rivals in the race to exploit Russia's vast oil and gas reserves by signing pioneering joint ventures with leading domestic players.

**Royal Dutch Shell** established a strategic alliance with **Gazprom**, Russia's biggest natural gas producer, and **British Petroleum** joined forces with **Sidanco**, an oil firm.

Both firms will take minority stakes in the new companies and will finance large investment projects, including the development of Gazprom's oil and gas field in western Siberia and Sidanco's massive gas field near the Chinese border.

The deals put the two companies in pole position in the bidding for **Rosneft**, the largest Russian oil company still to be privatized. Rosneft is valued at around \$2 billion, but intense competition for the group likely will significantly increase its value.

**Suez Lyonnaise des Eaux**, the French water utility, paid \$1.45 billion for the overseas waste manage-

ment operations of Houston-based **Browning-Ferris**, the second-largest US waste disposal group.

The assets, mostly located in Germany, the UK, and the Netherlands, will double the European operations of Suez subsidiary **Sita**. As part of the deal, Browning-Ferris will take a 20 percent stake in Sita.

•••

**British Airways** picked a 37-year-old American woman to run a budget airline it is setting up to compete head-on with US-style low-cost, no-frills carriers that are eating into its short haul European market.

Barbara Cassani, a 10-year BA veteran, will run the yet-to-be named airline from London Stansted airport with eight leased Boeing 737 jets flying initially to destinations in Italy, Spain, Scandinavia, France, and Germany.

The decision by Europe's largest and most profitable airline to enter the fray with low-cost rivals marks the start of a shakeout in the industry mirroring the upheavals that followed deregulation in the US in the late 1970s. **KLM** is tipped to be the first national carrier to follow BA's lead, putting pressure on **Lufthansa** to set up its own budget operation.

BA's move is testimony to the staying power of the new upstarts spawned by Europe's "open skies" regime, such as Ireland's **Ryanair** and British-based **EasyJet** and **Debonair**.

Billionaire Richard Branson, whose **Virgin Express** runs a low-cost network from Brussels, accused BA of "hating competition" and urged the European Commission to force it to cut its fares from London Heathrow and Gatwick to the same level as those planned for Stansted.

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**British Telecom** was poised for another foray into the United States after pocketing \$7.5 billion from the sale of its 20 percent stake in **MCI WorldCom**. Telecoms analysts said BT's shortlist of potential US partners likely will include **AT&T**, the country's biggest long distance carrier, as well as **SBC Communications**, **Bell Atlantic**, and **Ameritech**.

BT walked away with a hefty profit after its \$20 billion bid for MCI was squashed in a three-way bidding battle with **GTE** and WorldCom, which eventually made a winning offer of \$37 billion.

BT will buy back MCI's 24.9 percent stake in **Concert Communications**, their global joint venture after the merger with WorldCom is finalized. Concert, a so-called supercarrier which offers seamless telecoms services to multinational customers, has an order book worth more than \$1 billion.

•••

**Airbus** was on course to close 1997 with more orders than arch rival Boeing for only the second time in

## WHAT THEY SAID

**"Great Britain's interest is to be part of Europe and to be a major player."**

—Tony Blair, British prime minister

**"Should the United States feel threatened by the euro? I think not."**

—Calvin Dooley, US congressman, in a speech in Cologne, Germany

**"It is possible to suggest that the economies of some European countries have more in common today than do those of some individual states in the US..."**

—William McDonough, president of the Federal Reserve Bank of New York, in a speech in Frankfurt, Germany, on the influence of the euro

**"For America, the EU may seem solid and unglamorous. But it is also predictable and fundamentally like-minded."**

—Sir Leon Brittan, vice-president of the European Commission, in a speech before the European Institute in Washington, DC in November

**"I think the German-French axis, which was important and remains so for Europe, must become a German-French-British triangle."**

—Gerhard Schroeder, minister president of Lower Saxony, Germany, who most likely will be the Social Democrat candidate to run against Chancellor Helmut Kohl in next year's national elections



## BUSINESS BRIEFS (CONTINUED)

its history. The European consortium edged ahead of **Boeing** in mid-November after clinching a fiercely contested order from **Sabena**, the Belgian carrier, for 34 airbuses worth about \$1.4 billion.

The Sabena contract boosted Airbus's order book to 449 planes to Boeing's 415—its best year ever. More important, Airbus wasn't a favorite for the contract as Boeing was supported by Sabena Technics, the airline's maintenance unit. Boeing even offered to take a stake in the firm if Sabena bought its planes.

Airbus could still be pipped by Boeing as analysts expect the firms to announce orders at the end of the year. But its strong performance has put Airbus on track to attain its goal of getting a 50 percent world market share by the beginning of the next decade.

•••

**Metallgesellschaft AG**, the German trading group that came close to bankruptcy three years ago after mas-

sive losses on US oil futures, plans to pay its first dividend since 1992.

The Frankfurt-based group lifted pre-tax profits by 10 percent to \$184 million in the year ended September 30 as sales rose for the first time since 1993 to \$10.4 billion from \$9.2 billion in the previous year.

Metallgesellschaft's payroll has shrunk to 24,000 from 60,000 in 1994 when it ranked as Germany's fourteenth-largest company after the sale of several subsidiaries in the wake of losses of \$2.3 billion in 1993 and 1994.

•••

The final bill for the bailout of **Credit Lyonnais**, the failed French bank whose ill-starred expansion included the ownership of **MGM**, the Hollywood movie studio, is likely to top \$25.7 billion. The third rescue plan for what was once the world's largest bank outside Japan, has to be cleared by European Competition Commissioner Karel van Miert. "I'm stunned by the extent of the disaster," he said.

•••

**Rolls Royce** was set to come under German ownership as **BMW** and **Volkswagen** battled for control of the quintessentially English luxury car. VW's decision to bid for Rolls Royce, which was put up for sale by **Vickers**, the British engineering group, underlined its determination to go up-market and challenge BMW and **Mercedes Benz** in luxury cars.

BMW has been interested in Rolls Royce ever since it acquired another British manufacturer, the **Rover Group**.

The BMW-VW bidding battle erupted just after **Daimler-Benz** halted delivery of its new A-Class car, a direct competitor to VW's best-selling Golf after concerns over its safety. Daimler-Benz recently launched a new model, the Maybach, to compete head-on with Rolls Royce, but it has not gotten favorable reviews.

—Bruce Barnard



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By Bruce Barnard

The United Kingdom's corporate love affair with America is still blossoming with a steady stream of deals this year confirming the country's position as the top foreign transatlantic investor. The feeling is mutual as US firms still prefer to build factories and start new businesses in the UK than anywhere else in the world.

Most Americans come across British products every day of their lives, from filling up with gas at a Shell station or taking a cruise with Princess Cruise Lines, one of those vessels that starred in the television series *Love Boat*.

Other "all-American" products are owned by the British. Brooks Brothers is part of the Marks and Spencer empire, while Pillsbury Foods, Green Giant, Old El Paso, Häagen-Dazs ice cream, and Burger King are part of the Grand Metropolitan stable. Elizabeth Arden, Calvin Klein cosmetics, Liptons Chesebrough-Pond's, and Helene Curtis may sound very American, but they are all owned by Unilever, the sprawling Anglo-Dutch consumer products group.

These high profile products are a relatively small part of a bulging portfolio valued at \$142.3 billion at the end of 1996. That gives the UK a 23 percent share of \$630 billion worth of total foreign direct investment in the US, comfortably ahead of second placed Japan with \$118.1 billion and almost double its nearest European contender, the Netherlands, with \$73.8 billion.

The bulk of British investment remains in the manufacturing sector, highlighted by the \$4.6 billion merger last year between Lucas, the UK's largest auto and aerospace parts group, and Varity, the US industrial conglomerate. Moreover, British Telecom featured in the US's biggest ever takeover when its planned \$20 billion acquisition of MCI produced a \$28 billion bid from GTE

**British-owned companies in the US run the gamut from Burger King to Brooks Brothers to British Petroleum.**

BROOKS BROTHERS





and a successful \$37 billion counter offer from WorldCom.

Twenty years ago the United Kingdom had the field to itself, but today it is competing against the rest of Europe for US assets—and staying ahead. European purchases of US firms doubled in value in 1996 to \$67.5 billion, and British firms accounted for more than half, spending \$38.9 billion on 148 transactions, compared with just \$9.9 billion spent by German companies.

The US remains the top target for European firms despite the attractions of the single market and the growth of consumer markets in the former communist nations to the east.

The reason is simple: the US is the world's biggest mergers and acquisitions market with the value of deals scaling a record \$749 billion in the first 10 months of 1997 compared with a \$335 billion tally for Europe, which was inflated by five deals worth \$90 billion in a single day—"Mad Monday"—in mid-October.

British firms are attracted to the US because it's much easier to cut deals than in continental Europe where hostile bids are almost unheard of in some countries, notably Germany and the Netherlands, while others like France are only now getting to grips with Anglo-Saxon style takeovers.

A US presence is at the heart of British corporate strategy as companies strive to create economies of scale and stretch



**Häagen-Dazs is another British-owned brand that is popular with Americans.**

their market reach to compete more effectively with their American and Japanese counterparts around the world.

Large companies have been steadily increasing their US revenues. For some, like

Royal Dutch Shell and British Petroleum, the US has long been an independent sales territory. The US generates more than a fifth of the sales at Unilever, the Anglo-Dutch consumer products group.

Other companies have merged with US firms, like drugs group Beecham, which teamed up with Smith Kline, while some have taken substantial equity positions like British Airways, which held stock in USAir for several years.

A recent spate of mergers has created a select group of large firms that have leading US markets. Diageo, the new firm formed by the \$32 billion merger of Guinness and Grand Metropolitan, will have more than 35 percent of the US vodka market, 45 percent of Scotch and whiskey sales, and nearly 40 percent of all gin sales. The two groups sell more than 33 million cases of spirits every year in America.

The Anglo-Dutch publishing firm Reed Elsevier was already one of the biggest business publishers in the US, owning such industry bibles as *US Airline Guide*, before it announced a merger in October with Wolters Kluwer, another



AUSTRALIA



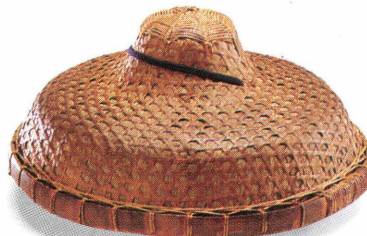
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Dutch publisher with extensive American interests.

For small British firms, a large US acquisition often is the only way to jump into the big time because of the sheer size of the American market. Thus Maid, a London-based on-line business information company, acquired much larger Miami-based Knight Ridder Information in an audacious \$420 million acquisition that catapults it to the top of the global rankings.

Most of the British acquisition activity is concentrated on unglamorous engineering and manufacturing sectors. Earlier this year Tomkins, an engineering conglomerate, paid \$608 million for Stant Corporation, a firm employing 7,000 people in 20 plants around the world, including the US and Mexico, making products such as windshield wipers, grease guns, and tools. This followed an earlier \$2.9 billion purchase of the Gates Corporation, a manufacturer of transmission belts and hoses. GKN, another British engineer, has become the world's biggest producer of powder metals with the \$570 million purchase of Sinter Metals.

British firms are now competing in the US mergers and acquisitions market against European firms, especially in the industrial sector. Swedish firms, in particular, have been active recently with Atlas Copco, an engineering group, spending \$900 million on Prime Service, the second-largest

rented equipment company in the US, and Autoliv AB, the car safety firm, buying Morton International Inc.'s Automotive Safety Products.

But British firms, their profits at a six-year high, are expected to retain top spot in the US, although the recent stock market turmoil likely will reduce share-based takeover bids.

In some industries, such as pharmaceuticals where further consolidation is likely some British giants like Glaxo Wellcome are sure to be in the thick of the deals. Unilever also is expected to spend a large slice of the \$8 billion it pocketed from the sale of its specialty chemicals business to Britain's Imperial Chemical Industries in the US.

The closeness of transatlantic business ties was highlighted recently when WorldCom and GTE moved to usurp BT's \$20 billion bid for MCI. After MCI's decision to accept WorldCom's bid, BT took comfort in the fact that it will walk away from the deal \$7.5 billion richer through the sale of its shares in MCI. BT's new found wealth and other UK investments in the US prove British firms can take the pace in the global business race. ☺

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

**The US remains the top target for European firms despite the attractions of the single market and the growth of consumer markets in the former communist nations to the east.**



ENGLAND



MEXICO



CHINA



NETHERLANDS



AFRICA



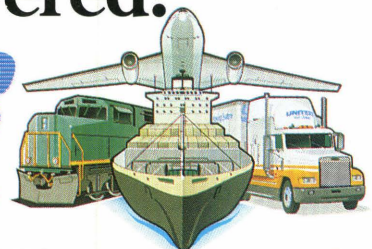
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# Republic

**Drive from Berlin to Vienna and the midway point is Prague. Take the train from Vienna to Warsaw and the line traverses the Czech industrial zone in North Moravia. The Czech Republic is indeed at the heart of Europe and the European Union.**

Given its long borders with both Germany and Austria, its success in restoring democracy and a market economy, and its historically close links with Western Europe, the Czech Republic always seemed a natural to be among the first former East Bloc states to join the EU. Not surprisingly, when the European Commission decided in June to invite the Czech Republic and five other countries to begin membership negotiations, there were celebrations at the Cernin Palace, the imposing Prague edifice that houses the foreign ministry.

To be the first former communist country to join NATO and the European Union has been the priority of Czech governments since the restoration of freedom in 1989. Now with these twin objectives within reach, Prague policy makers are scrambling to avoid overconfidence and loss of momentum amid signs that a remarkable seven-year period of post-communist stability could be coming to an end.

Aside from geography, the Czech Republic's impressive transformation achievements make a powerful case for EU inclusion. With a population of only 10 million, the Czech Republic has a highly educated work force and significant industrial capacity. Czech trade has been fundamentally recast back to the West with the European Union already accounting for more than 50 percent of the total. Seventy percent of the economy has been privatized. A further \$1 billion of foreign direct investment, most of it from the EU, will have flowed into the Czech Republic this year. The country is highly competitive with skilled workers producing quality goods at a quarter of West European wages.

There is more. Glittering Prague has quickly become one of Europe's most popular tourist

# Czech

## Country at the Heart of Europe Looks to Join EU

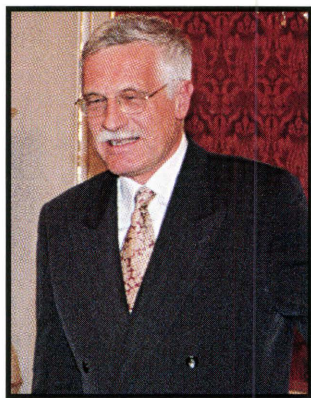
By Barry D. Wood





destinations. Until this year the government had been running a budget surplus. The currency has been convertible since 1994. Inflation and unemployment are lower than in Hungary and Poland. A dependable center-right government has been in power for five years. And the country has benefited immensely from the combination of a philosopher president, Vaclav Havel, and a hard-nosed conservative prime minister, Vaclav Klaus.

For Czechs, membership in NATO and the EU will be the embodiment of the country's return to Europe after 41 cruel years of forced separation. Jan Svejnar, a leading Czech economist and professor at the University of Michigan, believes Czech membership is important for another reason. "The EU, he says, is incomplete without the Central European countries on the inside." There are, of course, hurdles ahead. Nicholas Stern, chief economist at the European Bank for Reconstruction and Development, believes it will be slow going before the Czechs and oth-



**Double Vaclavs: President Vaclav Havel (left) and Prime Minister Vaclav Klaus (right) had proven an effective team in transforming the Czech Republic into a free market democracy until Mr. Klaus's ouster in late November.**

ers can comply with EU environmental regulations. "There are problems with water quality, products, and processes," he says. Nonetheless many EU diplomats put the Czechs at the top of the list in terms of making progress in bringing laws and regulations into conformity with EU norms.

In late November, a fund raising scandal inside in his own party abruptly forced the resignation of Prime Minister Klaus and his three-party coalition government. As the stock and currency markets tumbled so too did the Czech Republic's highly valued reputation for political stability in the post-communist period. With the 56-year-old Klaus struggling to retain the leadership of his Civic Democratic Party, the coalition shows signs of splitting apart and early parliamentary elections, probably within six months, seem likely. Opinion surveys suggest the opposition Social Democrats, headed by longtime Klaus nemesis Milos Zeman, would be the biggest winner if elections are held now. The Christian Democrats led by Josef Lux, a junior partner in the outgoing coalition, have long flirted with the idea of going into coalition with Zeman's party.

Klaus was undone not just by scandal but by his abrasive, overly confident personal style that made him difficult to work with. His once assertive leadership of the country's transformation had been wobbly since the coalition narrowly lost its parliamentary majority in 1996 elections. In the past year and a half, reform momentum was lost as Klaus compromised and sought to accommodate Lux's insistence that the Czech Republic move closer to Germany's social market economic model. Nineteen ninety-seven, Klaus said, had been his most difficult year. After several years of steady growth, the economy had turned sour. There was an attack on the currency in May that forced Klaus to ram

through two packages of austerity, raising taxes, and reducing spending. There was rebellion inside his party, and one after another close allies had left the government. First to go was Industry Minister Vladimir Dlouhy, the country's most popular politician. He was followed in the spring by the finance and interior ministers. Most seriously, longtime Klaus loyalist Josef Zieleniec, resigned as foreign minister in October. Ivan Pilip, the 34-year-old replacement finance minister, seems poised to assume the leadership of Klaus's party. Highly regarded by the business community, Pilip favors final privatization of the big banks and regulation of Prague's notoriously opaque financial market. Should a government of technocrats lead the Czech Republic until fresh elections, central bank chief Josef Tososky is the person most likely to lead a caretaker administration.

If, as seems likely, the Klaus era is over, his five-year tenure will undoubtedly be favorably judged overall. As finance minister from December 1989 to 1992, he quickly stabilized the currency and put in place comprehensive reforms that largely succeeded in getting the government out of the economy. His controversial voucher privatization plan, which unwittingly contributed to his downfall, created millions of shareholders and gave a powerful boost to building the market economy. His surgical precision in quickly and peacefully winding up the Czechoslovak federation—once it was clear in 1992 that the Slovaks wanted out—was masterfully carried out. Klaus's economic expertise and complete mastery of Czech politics until 1996 instilled confidence at home and abroad and helped reconnect Prague with Western Europe from which it had been so thoroughly severed for 48 years. ☐

*Barry D. Wood has just returned to Washington, DC from the Czech Republic where he was EUROPE's Prague correspondent.*

#### **Vaclav Klaus Visits Washington**

Little more than two weeks before his ouster from office then Czech prime minister Vaclav Klaus traveled to Washington, DC, November 10–12. The following are excerpts from his remarks concerning his country's drive to be the first former communist country to join both the EU and NATO made during press conferences throughout his trip:

#### **On EU membership:**

"It is difficult to forecast. What is crucial for me is the Luxembourg summit (December 13) where I hope it will be announced when the negotiations will start and with what countries, in the spring, I hope, at least 1998. This is my intermediate target. And after that I will be able to speculate about the date of accession."

#### **On restructuring Czech industry and predictions of bankruptcies:**

"First, I would like to say that they (the companies) have adjusted much more than the academicians writing their quasi-sophisticated stories. Different than the academic writers, I don't think the prime minister of a country knows better than the market and the economic agents at the micro level which one of the enterprises will go bankrupt and which will not go bankrupt. So I disagree fully with those academic scribblers with their permanently pessimistic tone."

#### **On the costs of NATO membership:**

"We have given a letter to Mr. Solana, the NATO secretary general, that we accept the costs of enlargement. And I can tell you that the costs we are supposed to pay are bigger than (those costs) of five current NATO members. And not all of them are smaller than the Czech Republic."



Not even Ebenezer Scrooge, that old grouch, could be cynical about Christmas if he were in London these days. The city fairly hums with energy, glows with festive spirit, and radiates good fellowship. The Yuletide here comes with all the traditional trimmings, plus some playful extras, as if Santa Claus had sampled just enough punch to make him a little bit jollier than anywhere else.

The British capital has put the anxious times of the economic recession of the early 1990s firmly behind it and is now such a creative, lively, and feel-good place that it has been universally labeled as the “in” city in Europe. Paris may be elegant, Rome may be eternal, but London is currently *it*. *Newsweek* described it as “the coolest city on the planet;” *Vanity Fair* called it “the Futura 2000 of cities, the place to which we must all look to learn how to act, think, and dress.”

Call it cool or hot, way out or incredibly in, what makes London so irresistible is the sense of fun and fantasy evident everywhere. The city lets you be a kid again, and there is no better time to revert to childhood than at Christmas.

BY ESTER LAUSHWAY

# London

## A CITY WITH THE





The holiday season gets underway in early November, with the first Christmas lights switched on in Oxford Street, followed by Regent Street, Covent Garden, and Bond Street. In early December, the majestic fir tree that has been Norway's gift to the British ever since World War II takes up its ruling position at Trafalgar Square. Decorated in white lights, it towers over the city's Christmas scene, with carol singers gathering under its great branches every evening until Christmas Eve.

So much for solemn ritual. On the lighter side, London's holiday celebrations also include the December 6, Christmas pudding race, with celebrities in wacky costumes careening around novelty obstacles in Covent Garden piazza carrying a pudding on a tray; on Christmas Day, hardy souls can take part in the Peter Pan Cup swimming race, a 100-yard splash through the chilly waters of the Serpentine in Hyde Park; and on January 1, the London Parade, led by the Lord Mayor of Westminster, brings a cast of 7,000 through the city center in a cheerful, noisy kaleidoscope of musicians, majorettes, acrobats, clowns, and floats.

Window shopping takes on a whole new meaning in London at Christmas. Every year the main department stores try to outdesign each other and create window displays more imaginative, more fantastic, more exciting and entertaining than their competitors. Until the unveiling of the windows in early November, the annual theme of each one is a ferociously guarded secret; you get the impression that employees who "talk" are promptly

executed at dawn.

The store that usually displays the most flair and kinky creativity is Harvey Nichols—just "Harvey Nick's" to its regulars. This year its windows, best seen in-

**From the grand Christmas tree in the lobby of the Savoy to the special pies and puddings at Claridge's, London's hotels have traditionally helped to set a festive tone in the city during the holiday season.**

stead of described, are on a frozen winter wonderland theme. Whether by coincidence, design, or a security leak, Selfridges chose a similar "Winter Night's Dream" motif for its 12 windows along Oxford Street. Washed by violet light, with shimmering blue vines twining around them, the windows are walls of ice, each with a viewing hole through which passersby can peep at a series of surreal scenes in glowing colors. Liberty's windows on Regent Street often have a humorous angle to them. One Christmas a few years ago, they had large crowds of people in tears of laughter by showing reruns of television comedy classics. This time they are clowning around with a circus theme. A few doors down, the windows of Europe's largest toy store, Hamley's, tell the story of lovable, cuddly Paddington Bear.

Another well-known children's character, the Nutcracker, is the inspiration for the Christmas decorations at London's most legendary store, Harrods. It may not get top marks for originality, but Harrods is in such a class of its own that it does not need to be outlandish. Since opening as a one-room grocery store in 1849, the store with the motto *Omnia Omnibus Ubique*—everything, for everyone, everywhere—has become one of the most visited locations in London, right up there with St. Paul's Cathedral and Big Ben. More, much more than just a store, it is a pilgrimage site for tourists from around the world.

Harrods is sponsoring the English Ballet's new staging of *The Nutcracker* this year. The ballet is another Christmas staple in London, along with so many other festive events, ranging from concerts and carol sing-alongs to plays and exhibitions that the whole holiday season, from November through January, is pretty well nonstop entertainment. The Christmas festival presented in the marvelous acoustics of the Royal Albert Hall deserves a special mention: It starts on December 16 with a *Joy to the World* musical celebration featuring more than 600 performers, and continues with a series of afternoon and evening choral performances including Handel's *Messiah* and several family carol sing-alongs, the last one by candlelight on Christmas Eve.



# HOLIDAY SPIRIT



A uniquely British pastime is the Christmas pantomime, a theatrical experience for the whole family that is boisterous, noisy fun and gets the whole audience involved—a bit like a Punch and Judy puppet show. Kids love them because they are based on classic fairy tales like *Mother Goose*, *Jack and the Beanstalk*, and *Cinderella*; adults find them hilarious because they feature television and sporting personalities dressed in drag and often have current events woven into the story. Stock characters include “the old dame,” always a man, who speaks in a falsetto and goes around clobbering everyone. Frank Bruno, the boxing champion, was a tremendous hit in this part in recent years. Every Christmas there are literally dozens of “panto’s” on stage in London, which require you to check your inhibitions at the door, and hiss and boo and shout at the top of your lungs. When was the last time you had the chance to do that?

Besides an unbeatable choice in shopping and entertainment, London also has more than 5,700 restaurants. It is now widely considered to be the food capital of the world, having overtaken even—gasp—Paris. With more than 60 different cuisines on offer, every taste is catered for, from simple pub grub to exotic, innovative cooking, dished up in equally varied surroundings. Themed restaurants like Cheers, the Rainforest Cafe, and Babe Ruth’s are big in London, so are mega-size eating emporiums, many of them belonging to Sir Terence Conran, the interior design and housewares magnate turned restaurateur. Among others, Conran owns Mezzo’s, Europe’s largest restaurant, which can feed 700 at one sitting, and the Bluebird Gastrodome, a vast restaurant-cum-café-cum-outdoor market-food shops complex housed in a recycled garage.

It takes time to even begin to do justice to the witty mix of traditional and trendy that characterizes London right now. Luckily, many of the city’s best hotels make it possible to spend a few truly festive days by offering special holiday packages over Christmas and the New Year. Again, it is an old tradition that has been brought up to date.

The Ritz, for example, with its sumptuous Louis XVI decor, has been celebrating Christmas ever since it opened in 1906. There is no better place for celebrity spotting in all of London than its gilt-and-marble Palm Court, which opens onto the central gallery running the length of the hotel, through which every guest, famous or otherwise, must pass.

For Christmas, the hotel really does put on the Ritz. In addition to decorating all the public rooms, from the magnificent restaurant, with its *trompe l’œil* ceiling, to the Marie Antoinette private reception suite, modeled on the Palace of Ver-



**Harrods is always a popular destination for London holiday shoppers.**

sailles, every room also gets its own Christmas tree. Londoners can book different Yuletide menus, culminating in a gala dinner dance on New Year’s Eve; out-of-towners can reserve a three-day package, which is an almost non-stop wallow in luxury, with indecent amounts of food and champagne. The program includes a Christmas Eve dinner dance, an evening at the theater, midnight mass at St. Paul’s Cathedral, and a visit by Santa Claus.

On a par with the Ritz are the Savoy and Claridge’s, both of which have been refurbished and are the two jewels in the crown of the Savoy Group. In spite of their magnificent decor and famous guest list, they both succeed in being genuinely warm and friendly, a rare feat in hotels that are as legendary as these two.

Both hotels do Christmas in grand style and feature reduced room rates over the holidays. Claridge’s has a three-day Christmas package and a New Year’s Eve ball that will usher in a special year in the hotel’s history—

in 1998 Claridge’s will celebrate its centenary. The Savoy offers a series of festive meals, including a seven-course Christmas Day luncheon in the River Restaurant, which has the city’s most splendid view of the Thames.

The Langham Hilton, restored to the Italian Renaissance style that characterized it when it opened in 1865 as London’s first grand hotel, is running a series of executive dinner dances and Christmas parties throughout December, and two New Year’s Eve balls. It is reducing its room rates until mid-January, a very tempting offer, considering how close it is to the Oxford/Regent Street shopping mecca and the dozens of January sales.

On a slightly less opulent scale, the Royal Horseguards Hotel, tucked away in a quiet, convenient location near Charing Cross station, is decked out with lots of dark wood and tooled leather, rather like a pub crossed with a private gentleman’s club. It has put together a three-night break over Christmas and a two-night New Year’s package, with main meals for both in the Victorian banqueting rooms at One Whitehall Place next-door.

Many other opportunities for feasting and carousing exist, with most large hotel chains providing holiday package deals of some kind. For those not unduly concerned about table manners, there is even a Henry VIII’s banquet, complete with buxom serving wenches, at the Beefeater restaurant. The problem, really, is choosing. Whatever you want to do—shop, eat, or take in a show, spend a fortune or have fun for free—London is the place to be over the holidays. ☺

*Ester Laushway is EUROPE’s Paris correspondent.*



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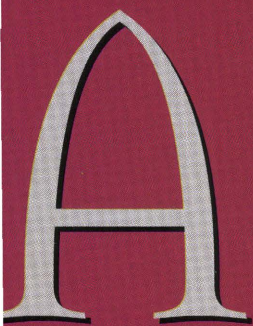
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# WALES

## TRANQUIL LAND OF THE DRAGON

By Robert J. Guttman



A red, roaring dragon is the emblem of Wales. But don't expect a lot of noise from dragons or anything else when you visit this gorgeous and serene land full of friendly people and historic castles. Wales is "a place to come to get away from the city and the pressures of daily life to relax, walk, think, and have good food and wine," says Peter Camm, one of the owners of the Fairyhill Hotel and Restaurant, which has just been

named the top hotel in Wales for 1997 by the AA Hotel Guide Association.

Located in the middle of the Gower Peninsula, which juts out into the Celtic Sea near the city of Swansea, the Fairyhill Hotel is a good representative of what this peaceful and tranquil land is all about. Arriving on a chilly, rainy evening, I felt as if I were in a British novel written in the last century. With the winds howling and the fires blazing, I half expected to see Heathcliff from *Wuthering Heights* walk in at any moment during the evening.

Fairyhill attracts people from as far as London for dinner. The food is superb, and the menu extends well beyond Welsh lamb to excellent vegetarian meals complemented by

wine—some even vinted from grapes grown in Wales. The Welsh meuslade sauvignon blanc probably won't cause many people to forego their favorite French or California wines, but it tastes quite good.

What do guests do for fun? "Our guests bird-watch and walk. The more adventuresome play golf," says Mr. Camm.

The rooms—of which there are only eight—seem like they could be at an elegant ski lodge in the Alps or in Colorado. A word of caution if you go to this oasis of hospitality: They do not like heat all that much. In fact, they often turn the heat off in the evening and throw open the windows. This is merely another example of the hardiness of the Welsh people.

Swansea, the second largest city in Wales, is well worth a visit. This city by the sea is the birthplace of Dylan Thomas. There are many sites in the area where Dylan Thomas wrote, including the boathouse in Laugharne where he wrote his poem "Under Milk Wood." Swansea, which was bombed during World War II because of its factories, is a favorite tourist spot for families looking for water sports in the summertime. I had hoped to make it to the nearby town of Mumbles, another popular seaside resort, if only for its interesting name. While Mumbles intrigued me, the town with the longest name in the UK located in North Wales is called





**Wales' Black Mountains offer miles of beautiful scenery and hiking trails.**

Llanfairpwllgwyngyllgogerychwyrndrobwllantysiliogogoch. Try asking for direction for this town, whose name translates as “St. Mary’s Church by the white aspen over the whirlpool and St. Tysilio’s Church by the red cave.”

Cardiff, the capital of Wales, offers several scenic attractions. My favorite castle in this land of hundreds of castles is located in the center of Cardiff. Cardiff Castle is actually three castles in one. The site was originally a Roman fort. Years later the Normans strengthened it and built the shell that dominates the inner courtyard today. “Toward the end of the 13th century,” according to my guide, “the castle was extended, the gatehouse towers of the Keep were rebuilt, and the great central wall linking it with the Black Tower was constructed.”

The main castle was actually built in the mid-1800s and was basically a “fantasy” of what the architect envisioned castles looked like years before. The third marquess of Bute, a very wealthy heir to the family who helped develop Cardiff and its docklands, hired well-known Victorian architect William Burges to create this unique “un-historical” but very interesting site. The beautiful interior of the castle features rooms that should not be missed, including the banqueting hall and the library with stained glass windows depicting biblical themes. Outside peacocks and other animals roam

freely around the castle grounds.

The two men, Bute and Burges, also built a remarkable fantasy fairy tale castle outside of Cardiff called Castle Coch. It is truly a “decorative extravaganza” inside the castle. The castle is “one of the most romantic, if unexpected, buildings in Wales.” Be sure and see this site as it is a testimony to a vivid imagination turned into a Cinderella-type castle in the hills of Wales.

Cardiff will host the EU summit in June of next year. British Prime Minister Tony Blair will welcome the other 14 European leaders to Wales during the UK tenure as EU president, which runs from January through the end of June 1998.

Meetings will take place in the City Hall, which is part of the Civic Center complex situated in the spacious tree-lined Cathays Park. The neoclassical civic buildings house not only the City Hall but the Law Courts and the National Museum of Wales.

Cardiff is a wonderful shopping city. I visited more enclosed shopping malls in this Welsh capital than anywhere else I have been. The Cardiff Bay Visitor Center, shaped like a strange spaceship, is worth visiting. The “Tube” offers exhibits explaining the vision of Cardiff for the next century. The Millennium Center is a project underway to create a





**Cardiff Castle, where peacocks roam freely about the expansive grounds, is one of the more interesting historic sites in Wales, a land of more than 100 castles.**

major international arts and entertainment complex at the heart of the Welsh capital's waterfront development.

Cardiff Bay has an unusual phenomena. You can see rows of boats and ships, not sitting in water as you would normally expect, but resting on tons of mud. According to a local guide, "Cardiff Bay has one of the greatest tidal movements in the world—40 feet between high and low tides. As a result of the range of water levels, vast areas of mud flats dominate the landscape for up to 14 hours everyday." The rebuilt waterfront features the highly unusual Techniquet Center where children can test their skills with a hands-on approach to the sciences. Strolling along the beautiful waterfront park, tourists pass the impressive Norwegian Church Arts Center and the Pierhead Building in this lively area of Wales' cosmopolitan capital.

After visiting the capital city with its shopping malls, museums, concert halls, and seaside activities, it is time to visit the countryside. The ride through the Brecon Beacon Mountains, one of the many national parks encompassing Wales, is gorgeous. This is what the postcards look like with thousands of sheep grazing in lush green hills dotted with ancient stone walls and panoramic views.

If Fairyhill Hotel reminds one of visiting their grandmother's house, then Llangoed Hall, owned by Sir Bernard Ashley, in the Wye Valley is like staying at an extremely wealthy relative's mansion. Located nine miles west of Hay-on-Wye in central Wales near the English border, this is a large, charming, and very elegant country house with a gigantic living room and unbelievable views of the hills and valleys.

Llangoed Hall offers a billiard room and a superb art collection that features a remarkable selection of paintings and

sketches, including drawings by Whistler. The spacious bedrooms are all appointed with Laura Ashley prints and huge poster beds.

Llangoed Hall serves a traditional Welsh breakfast, including laverbread, which is actually seaweed but to tell the truth it is quite tasty. Sir Bernard Ashley says Llangoed Hall tries to "recreate the atmosphere of an Edwardian house party." I never had the pleasure of being at an Edwardian house party, but Llangoed Hall is truly "a magnificent country house in Wales on the banks of the River Wye."

My favorite place in all of Wales was the rather bizarre and eccentric town of Hay-on-Wye, which has the requisite ruins of a 13th century Norman castle dominating the small town. What makes this quaint village of 1,500 residents so unique is the fact that there are more than 25 bookstores with secondhand books and prints. According to the bookstore owners I spoke to, Hay-on-Wye is the largest secondhand book-selling area in the entire world. The town with its ancient jumble of winding streets is a paradise for book and print lovers. Forget Borders and Barnes and Noble and head for Hay-on-Wye where there is a literature festival held every summer. It's quite an interesting place with colorful characters to boot.

Wales, the land of the dragon, is a quiet place to pause and reflect. This land of inspiration offers gorgeous scenery and scores of friendly people. Everything is almost so good that you forget the rain and the cold. But even the rain and the cold only add to the charm of this beautiful region. After all, if it didn't rain and there wasn't a chill in the air, it wouldn't be Wales, a wonderful travel destination in all types of weather. ☺



# CAPITALS

AN OVERVIEW OF  
CURRENT AFFAIRS  
IN EUROPE'S  
CAPITALS

LOOKING  
TOWARD  
THE  
NEW  
MILLENNIUM

With only two more New Year's Eves to go before the odometer in Old Man Time's Chevy Nova rolls over to 2000, we asked our Capitals correspondents to report on preparations being made to mark the beginning of the third millennium AD. As might be expected, several of them reported on building projects and grand celebrations planned to welcome the next thousand years. But some chose to focus on the more trepidant aspects of entering a new age, and still others wrote that the coming millennium has so far generated little interest. Their reports offer a wide-ranging view of how Europe is looking toward the year 2000.





## LONDON

## THE MILLENNIUM BOOM

It is here in London, in Greenwich from where world time is measured, that the year 2000 will be turned. A millennium super clock positioned precisely on the prime meridian, began the countdown to 2000 in April.

The year 2000 is not only the official birthday of Christ, it is also regarded as the birthday of Western civilization, a universal event. And the UK wants to mark it in style.

Building projects will dominate Britain's celebrations. The scale of investments in millennium projects in London is a staggering \$6 billion. The combination of the millennium, the upturn in economic confidence plus the new funding generated by the National Lottery is going to change the face of this great city. More than 100 projects are scheduled for completion by the year 2000.

Leader among them is the Millennium Dome planned for Greenwich, to be built on a 300-acre site on the tip of the

Greenwich peninsula in East London. "A giant umbrella," says architect Sir Richard Rogers, "an odyssey into the future," which should cost some \$900 million and which is to be the focal point, the center of the millennium celebrations.

Planned to be the biggest dome in the world, the size of a dozen football fields and tall enough to house Nelson's Column, the futuristic steel dome filled with state of the art attractions will consist of 12 pavilions devoted to the theme of time.

Then there is the millennium wheel. A huge Ferris wheel, 500 feet tall, to be built on the south bank of the Thames opposite Big Ben and the Houses of Parliament. Two million visitors a year are expected to take a 20-minute "flight" on the \$16 million wheel giving unparalleled views over this famous city.

A new pedestrian bridge across the Thames will link St. Paul's Cathedral with the reconstructed Globe Theater and the emerging Tate Gallery of Modern Art in the Bankside power station

due for completion by 2000.

There is also a plan for a 1,265-foot Millennium Tower, which would be the tallest building in Europe, and would cost \$550 million. It may or may not happen.

Other London developments include refurbishment and expansion of the Royal Opera House at Covent Garden, development of the British Museum including its Great Court, and a face lift for the National Theater and the Festival Hall.

This is a predominately secular country, and Prince Charles has voiced his concern that the projects say little about the millennium's connection with Christ or have any spirituality. He might draw some comfort from the fact that the end of the 20th century following the birth of Christ will also be marked with a nationwide peel of bells in more than 100

churches restored for the occasion.

In Scotland there will be the reopening of a canal linking the east and west of Scotland. Building the link will create 1,500 jobs, and once operational it is expected to create 4,000 full-time jobs.

In Birmingham a Millennium Point science and technology

park is being created at a cost of \$175 million and is expected to create 1,600 jobs and attract half a million visitors a year.

Of course, 2000 won't just mean the end of several construction projects. Many parties are planned, the biggest at Greenwich where 30,000 people are expected to attend a multimedia sound-and-light show linking Greenwich with other parties worldwide.

It will be hard to join the posh parties in London as the Savoy hotel is fully booked and competition for rooms at the Ritz in London is so fierce that no bookings are being taken, only names and addresses for a lottery for rooms.

Mind you, there are 50 new hotels being built across the city in time for the millennium, so there should be room at the inn.

Oh, by the way, if you are a golfer and would like to celebrate the arrival of the third millennium by trying for a hole in one at the famous Royal and Ancient Club, St. Andrews, in Scotland, I under-

stand bookings are still being taken for January 1, 2000.

—David Lennon

## BRUSSELS

## FOCUS ON MILLENNIUM CULTURE

Belgium has left it very late to prepare its celebrations for the millennium. It still has to announce a detailed program, and the budget—some \$38 million—has only just been approved. Of this, around a quarter will be provided by various public authorities, and the remainder by private sponsors.

Little is being done in the rest of the country, the major effort being concentrated in Brussels, which has also been selected by the European Commission as one of nine European cultural capitals in the millennium year. The organization has been entrusted to the Brussels city council, which has appointed four directors to prepare the program.

There are likely to be two main themes—one will be an important program for the restoration of old buildings, to beautify the city and make it more attractive to visitors and citizens alike. The second will be to celebrate the multicultural nature of Brussels.

The object will be to draw together French and Dutch-speaking citizens, so often at loggerheads in the past, and also to give a feeling of belonging to the large number of foreigners living in the town—among them many Moroccans and Turks, as well as citizens from all the other 14 EU member states, and sizable numbers of Americans and Canadians.

There will certainly be a number of exhibitions, but the only one definitely planned so far is a major historical display of Belgium carpets, for which the country has been renowned since the Middle Ages. It is hoped that the centerpiece will be the important collection belonging to the King of Spain, which has been housed in Madrid since the time of Spanish rule, which ended only in 1713.

Unlike in the United Kingdom and some other countries, there has been no discussion of millennium plans in the Belgian press, and the vast majority of citizens are totally unaware of what is being planned. Those entrusted with carrying out the program, with a tiny budget and all too little time, will have to work prodigiously hard if it is not to prove a damp squib.

—Dick Leonard

Building projects will dominate Britain's celebrations. The scale of investments in millennium projects in London is a staggering \$6 billion.

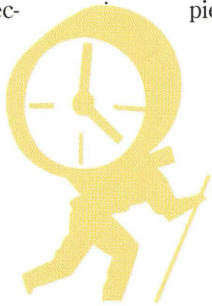


## DUBLIN

## TIME CALLED ON CHIME

It began with a fanfare and ended up in local parlance as a monumental clock-up. "It" was Ireland's first attempt to mark the countdown to the new millennium—a nine-digit timer that floated just below the surface of the river Liffey at O'Connell Bridge, the main north-south crossing in downtown Dublin.

At the time, the Countdown 2000 Millennium Timer seemed like a good idea. With great ceremony at 11:15 pm on March 15, 1996, the six-ton clock began counting down the 119 million seconds to the start of the 21st century. The then finance minister, Rúairí Quinn, did the honors and an estimated 10,000 people turned up to see him perform the nationally televised switch-on. A postcard machine, which printed out the number of seconds left to the end of the millennium, was located on O'Connell Bridge: 86,000 postcards at 20 pence each were sold. The National Lottery



thought so much of the underwater contraption—the "most beautiful and astonishing clock in the world" and "a novel tourist attraction"—they put up \$167,000 to fund the project.

Only problem was that the murky waters of the river prevented disappointed passersby reading the green digits.

An *Irish Times* writer said it was "like inviting your guests to admire the family silver when it was floating in a greasy sink."

After lengthy trials and many scrubbing, lottery officials eventually admitted that time was up: James Joyce's *Anna Livia Plurabelle* had won. Less than nine months after it was unveiled, the timepiece—dubbed "the chime in the slime" by Dubliners—was abandoned on December 5, 1996, after ticking away a mere 14 million seconds. The cost of solving "technical difficulties" associated with the timer's visibility would be prohibitive, it was conceded.

It is not surprising, then, that derring-do has been replaced with caution in Ireland's further approaches to other millennium projects. The govern-

ment is placing its trust in a national advisory committee, drawn from all walks of Irish life, to plan a number of national cultural and other events. Their work is being "aided and complemented" by county committees designing local celebrations.

Dublin Corporation is considering six projects. City manager John FitzGerald says the corporation, in conjunction with business and tourism bodies, will "consider suitable projects and arrange for funding."

One project is aimed at reestablishing O'Connell Street "as Ireland's premier urban space." Decorative lighting on the many Liffey bridges is also being considered as part of a "Water of Life" project. And a new Liffey pedestrian bridge to complement Brunel's elegant Ha'penny Bridge, one of the city's landmarks, is included in the shortlist.

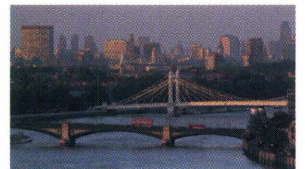
Radio Telefís Éireann, the national broadcasting service, plans to mark the new millennium with a series of projects designed to reflect the country's artistic and cultural heritage.

Peter Feeney, the RTÉ executive recently assigned the daunting task of marking the Irish contribution in television terms, says he will be developing a

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range of programs reflecting the collective Irish experience of the past 1,000 years.

Other national and local projects across the country will be unveiled later this year.

Not that everyone agrees that the end of the millennium is nigh. Ian Elliott, of Dunsink Observatory on the outskirts of Dublin, says we are all mistaken that the 20th century will end at midnight on December 31, 1999.

"As our calendar has no year zero, the second millennium started on January 1, 1001, and it will end on December 31, 2000," he says, arguing that the third millennium will start on January 1, 2001. This, he concludes, raises the intriguing possibility that any proposed timers will be in error by 31,622,400 seconds—the number of seconds in a leap year.

So, whenever it happens, have a happy new millennium!

—Mike Burns

## LUXEMBOURG

### BUILDING THE FORT OF ART

It's going to come down to the wire, but we might just see the long-awaited Grand Duke Museum of Modern Art built in Luxembourg in time for the millennium celebrations. The project is one of six that the Ministry of Culture has provisionally slated to mark the Luxembourg festivities.

We must say "provisionally," not because there is any lack of will but simply because the entire Luxembourg governmental machinery has been distracted for most of 1997 by the demands of running the European Union presidency—no small matter for a country with fewer public officials than most American state capitals.

Luxembourgers have been arguing the merits of a modern art museum for years. Many feel that such an institution could give the country a status in the international cultural world to match its rank as a world financial center.

Others are more skeptical. An early

plan drawn up in 1991 took a lot of stick for its ultra-modern design and high cost. "But after long years of discussions all the problems have been resolved," says M. Guy Dockendorf, director general of the Ministry of Culture.

An agreement has been concluded with UNESCO; the site and design have been approved, and the money—some \$75 million—has been voted through by the Luxembourg Parliament. There's no guaranty that the doors will be open by the year 2000, but enough of the building should be up for it to qualify for a millennium tag.

Designed by the eminent architect I.M. Pei, who has taken a close personal interest in the project, the proposed museum is an elegant marriage of old and new. A vast glass-clad triangular structure rises

up behind the ruins of Fort

Thüngen, one of Luxembourg's most famous fortresses whose three ancient towers provide the arrowhead inspiration for the design.

The site is the Kirschberg, a windy plateau high above Luxembourg city that houses numerous banks, television companies, and EU institutions—not all of them, it has to be said, with a superior claim to architectural merit.

The museum site itself is steeped in history. The three stone towers are all that remains of a fortress that Luxembourg was obliged to pull down under the terms of the 1867 Treaty of London, which granted the country "eternal neutrality." A lot of time had to be spent securing permission to build on the ruins, and part of the deal is that a separate, but stylistically consonant, Museum of the Fortress will be erected on the same site.

Internally, the museum has been designed for both permanent and temporary exhibitions of paintings, sculpture, photographs, architecture, and "electronic or numeric forms of expression." The building will house Luxembourg's existing collection of artworks from the 1950s, from the School of Paris, but the search has already begun for the acquisition of pioneering contemporary works.

Simultaneously with the modern art museum, the Museum of the Fortress will be constructed as a showcase for archaeological and other artifacts found on

the site. The twin complex will serve an educational as well as an artistic purpose, spanning Luxembourg's history from Roman times to the avant-garde.

Also listed for the millennium is the development of the former Neumunster abbey into an international cultural center for seminars, colloquies, and exhibitions. It will include facilities for artists-in-residence. Like the two museums, the Neumunster project is already assured of government funding.

The three other millennium enterprises include a new 1,500-seat concert hall for the Luxembourg Philharmonic Orchestra, an annex to the National Library, and the construction of a new audiovisual center for Luxembourg.

It is, says Mr. Dockendorf, "an ambitious and interesting program for such a small country." He is surely too modest. It would do credit to any of Luxembourg's much larger European neighbors.

—Alan Osborn

## PARIS

### A BRIDGE TO THE FUTURE

Avignon stands for Avignon, the city in the heart of Provence that heads the list of nine cultural capitals chosen to represent Europe in the year 2000. Nine muses picked to inspire the Old World at the start of a new millennium and launch it into the future with its multicultural flags flying.

Sharing the honors with Avignon in France are Bergen in Norway, Bologna in Italy, Brussels in Belgium, Helsinki in Finland, Krakow in Poland, Prague in the Czech Republic, Reykjavik in Iceland, and Santiago de Compostela in Spain. The European Commission deliberately selected some cities that were not national capitals, or even located within an EU member country, to show "that its doors are open" in the coming century.

Avignon would like to lead the nine in more than just alphabetic order. Physically, it certainly dominates its surroundings. With its maze of ramparts, towers, and palaces, it is the majestic sort of city you see in medieval tapestries. It sits regally overlooking the Rhône River; the bridge made famous in the old children's song no longer has anyone dancing on it, but you can still see its broken remains.

Avignon's most striking landmark is the monumental palace-fortress, which was the official residence of the popes



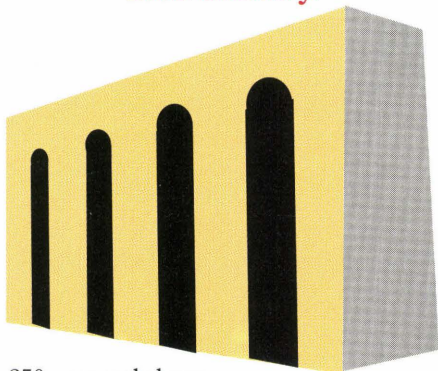
A vast glass-clad triangular structure rises up behind the ruins of Fort Thüngen, one of Luxembourg's most famous fortresses whose three ancient towers provide the arrowhead inspiration for the design.



throughout the 14th century. A masterpiece of Gothic architecture, the "Palais des Papes" is the city's prime tourist attraction and is used every summer for the main event of Avignon's cultural calendar: an internationally known theater festival that celebrated its fiftieth anniversary last year.

In keeping with its dramatic presence, Avignon has chosen the theme of "Art and Creativity" as the guiding principle for the projects now being considered for the turn of the century. Some

**Madame Roig dreams of rebuilding the historic bridge of Avignon, which has been a picturesque ruin ever since it was destroyed by the floodwaters of the Rhône in the middle of the 17th century.**



250 proposals have been submitted so far, though none have been officially accepted yet. Theater is bound to play a major role in the festivities, constituting as it does the cultural lifeblood of the city. Its mayor, Marie-Josée Roig, is a fervent fan of the performing arts and has decided to personally direct that part of the celebrations.

She also has another pet project which has generated both a lot of press coverage and controversy. Madame Roig dreams of rebuilding the historic bridge of Avignon, which has been a picturesque ruin ever since it was destroyed by the floodwaters of the Rhône in the middle of the 17th century. Of the original 22 arches, only 4 remain. The mayor would like to extend the bridge with a glass arch—an arch that would contrast sharply with the existing stone structure, would no doubt look striking, and would certainly cost a great deal of money.

What its practical purpose would be is

not entirely clear, and there are those who believe that by concentrating on building this one bridge, Mayor Roig is burning several others. Avignon is the most debt-ridden city in all of France, and according to Gérard Guerre, the former deputy mayor in charge of culture, it should use the funds accompanying the title of Cultural Capital for far more urgent structural improvements than the mayor's bridge scheme, which he describes as just a "fantastical" media exercise. Guerre recently resigned from his post because he felt he could not support what he terms a "fireworks display" of flashy ideas that will not be as valuable to the city in the long run as, for example, restoring the timeworn papal palace and the crumbling ramparts.

The municipal committee responsible for sifting through the proposals for the year 2000 is currently being reshuffled, but a few projects are already a certainty. A new high-speed TGV train station, which is part of the new Paris-Marseille line, is well underway and will be a futuristic showpiece when finished. Around it, a whole new riverside neighborhood is planned, with special emphasis on the city's links with the Rhône. Water taxis and a huge water park will be part of its aquatic attractions.

Another close relationship, that of Avignon and the full-bodied wines of the Rhône Valley stretching north of it, is likely to be commemorated with the construction of an *oenothèque*, where the great wines of the region will be gathered under one roof, ready to be sniffed, sampled, and bought. On a wider European level, Avignon, together with the other eight cultural capitals, will organize a touring art exhibition called "Autoportraits of a City." Each of the nine will con-

tribute 10 pieces of art, classic or contemporary, which are most representative of its identity.

Communal projects like these are probably the best "bridges" that Avignon and its European partners can build: bridges that span cultural differences and allow them to meet and understand each other better—and together celebrate the rich diversity of Europe at the start of the third millennium.

—Ester Laushway

## LISBON

### OPORTO GETS ITS DUE IN 2000

With a new millennium looming, Portugal has been gripped by exhibition fever. Next year sees the opening of Lisbon's Expo '98 world exhibition, which is expected to bring 8–10 million visitors to the capital and revitalize a huge swathe of the city's rundown riverside. The millennium project, which should be fully developed by 2010, is a pragmatic one: It is intended to raise Portugal's international profile as well as to provide desperately needed accommodation and office space, paid for by the private sector. Government funding has

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been kept to a minimum. In one of Europe's poorest countries a project like London's Millennium Dome would have seemed preposterously extravagant.

But Expo '98 has highlighted Portugal's old north-south rivalry. Politicians in the northern city of Oporto, the center of the country's manufacturing industry, grumble that the benefits of the exhibition won't reach far enough north. For them it is an example of how Lisbon tends to grab the lion's share when it comes to high prestige projects. The people of Oporto are fond of saying that "Lisbon shows off while Oporto works." Expo '98 is Lisbon strutting its fine plumage while the honest, hard-working northerners struggle on empty-handed.

But Portugal's second city is fighting back. The city council is setting up Oporto's own exposition, timed to coincide with the year 2000. The event will look backwards as well as forwards. Just as Expo '98 commemorates the five hundredth anniversary of explorer Vasco da Gama's discovery of the sea route to India, so Expo 2000 will mark the discovery of Brazil in 1500.

Retail giant Sonae is leading a group of companies that will inject capital into the initiative. The idea is to rebuild Oporto's shabby eastern outskirts around the Campanha railway station. In this wasteland the newly created APort consortium will build a vast technology center, apartments, and office space. To please the environmentalists, it has pledged to clean up two rivers and lay out a park, extending the city's limited green space. Although Expo 2000 has a strong private component, there is no shortage of state support. Oporto Council will take a 50 percent stake in the project, and the central government, keen to show it is not at all Lisbon-centric, has promised \$115 million for the project.

—Samantha McArthur

## ATHENS

### MAYORAL RACE AFFECTS 2000

Compared with the long span of Greek history, which goes back some five millennia, the year 2000 is a comparatively small milestone. That is one reason why there has been no rush by Greek officials to announce plans for commemorating the new millennium. The other is that funds will not be available for special projects that would mark the event. Greece is struggling to reduce

spending in order to reduce the budget deficit to a level compatible with joining the single European currency in 2001.

The Socialist government of Prime Minister Costas Simitis has already made clear for the next two years spending curbs will be applied to all but the education and welfare budgets. Given that the Socialists' term in office runs until autumn 2000, Simitis should be in charge of ushering in the millennium. He has pledged to modernize Greek institutions with the millennium deadline in mind, but one of his innovative political moves has been to avoid making big promises on which the government may not be able to deliver.

"There is simply no cash to spare for grandiose public works for the millennium,"

says a senior government advisor. "We can't afford to let any of the Maastricht targets for joining the euro slip. And we need every spare drachma we can get to try to ease the social problems caused by the race to meet these targets."

A further constraint on spending is that Greece will stage the Olympic Games in Athens in 2004. Although sponsorship and cofinancing from the private sector for projects such as the Olympic village will cover the bulk of the outlays, the government must still squeeze an extra \$735 million out of budget allocations to complete the sports infrastructure that will be needed for the games.

Nevertheless, the millennium will not pass unmarked in Athens. The year 2000 is the target date for all the Olympic Games sports facilities to be completed—which will be cause for celebration in itself as well as an excuse to try out the new installations with a few millennium-related events, say Greek officials.

It is also the year that will see the new Athens subway extension operating at full strength, after a prolonged delay in completing the two new lines that will meet at the city's central Constitution Square. The project was originally due to be completed in 1997, but it has been

held up by a series of archaeological discoveries as well as by unexpectedly unstable soil conditions along the route.

For Athens residents, how the millennium is celebrated will depend who wins the race for city hall at next fall's local government elections. The incumbent mayor, Dimitris Avramopoulos, from the center-right New Democracy Party, already has plans in mind, but they cannot be implemented unless the city's finances are boosted. Avramopoulos, who has already done much to renovate the city's commercial center, is reluctant to start on another round of spending just before he launches his campaign for reelection.

However, Athens should be able to hold some millennium festivities in a



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new archaeological park that will link the most important classical-era sites and monuments with pedestrian walkways and green spaces. A start is being made this year to develop a park, which will extend for more than five miles from Plato's academy, where the philosopher set up his

school early in the 4th century BC to the Roman-era stadium of Kallimarmaro, where the city currently stages celebrations of momentous events.

—Kerin Hope

## COPENHAGEN

### NATIONAL FIREWORKS PLANNED

The Danes, especially those living in Copenhagen within hearing range of Tivoli, enjoy fireworks. Throughout the season from May to September, every Sunday at midnight, the in-house pyrotechnics experts of Tivoli demonstrate their art. And many private parties in the greater Copenhagen area now include a fireworks display, sometimes considered a rather more dubious pleasure by neighbors.

Thus the idea of a nationwide, computer controlled fireworks celebration of the millennium in Denmark came natu-



rally to Fritz Joergensen, an entrepreneur who has already spent several years finding the necessary sponsors for the ambitious project. A computer programmer who has specialized in multisensual experiences, Joergensen has no personal knowledge of fireworks but expects no problem in finding the necessary expertise.

The communications system has already been tested and will be available in all 275 communes (the local administrative units in Denmark) if the financial backers do not backtrack on the project. These include the local authorities themselves, large Danish companies, and others. Joergensen wants a spectacular show appealing to all Danes and one as technically advanced as the laser beam

**The vast majority of Danish companies are very small, and most of these are ignoring the potential computer problems associated with the beginning of the 21st century when many computers, especially older models that have an internal clock ill-prepared to identify the year 2000, might descend into a cyber tizzy.**

that was planned a few years ago to run the entire length of the Danish west coast. (It didn't quite make it.)

Others compare the project to the Danish midsummer tradition of lighting bonfires along the entire coastline, an event that many insist is the only time the Danes publicly show solidarity.

Millennium celebrations will have to be privately funded, as the Danish government has, as yet, not shown any inclination to organize, much less pay for such celebrations. The same can be said of most of big businesses in Denmark, though at least one major company is planning an all-night excursion by air to the Arctic Circle, with the participants being provided with an Arctic Circle 2000 scroll.

Not everyone is looking forward to the millennium. The vast majority of Danish companies are very small, and most of these are ignoring the potential computer problems associated with the

beginning of the 21st century when many computers, especially older models that have an internal clock ill-prepared to identify the year 2000, might descend into a cyber tizzy. Nevertheless, one study found that as many as 10 percent of these companies may fold as a result of their intransigent attitude to cope with the challenge. Larger companies, notably the banks, have specific programs to deal with the year 2000 computer quirk, and the government tends to restrict itself to issue warnings to everyone.

Consulting companies, including many major US firms, have obviously had a field day in Denmark. Some of the largest customers have been among Denmark's government ministries, several of which have already completed their computer preparations for the millennium, including the ministry of taxation, much to the regret of Danish taxpayers.

—Leif Beck Fallesen

## MADRID

### NOTHING IN THE WORKS, YET

**S**paniards bristle, and rightfully so, when a foreigner complains that this is indeed the land of *mañana* (tomorrow), that little in this country is accomplished on time and that planning ahead is usually an afterthought.

But when asked what preparations are afoot to celebrate the end of the millennium on December 31, 1999, many Spaniards make it clear that they haven't really given it any thought, and there is still plenty of time—two whole years—to work something up.

Handed the assignment to research what might be in store in Spain to usher in the new year, new century, and new millennium, this reporter hurried along to the huge archives of newspaper and magazine clippings maintained by a news agency in central Madrid.

A diligent search of the files by a pair of women archivists indeed turned up two bulging folders: one on the millennium in general (especially the "Year 2000 Bug" concerning computers), and a second hefty file on New Year's Eve celebrations of the past.

But as far as special events for that

big night in 1999—nothing, zilch, or *nada*, as they say here.

One of the archivists, who spend their days perusing and clipping national newspapers and magazines of articles on any subject under the sun, said she recalled seeing stories about what preparations are underway in other countries but nothing in Spain.

"It's early yet. Two more years to go, and that's plenty of time to plan a party," she said and returned to her piles of periodicals and scissors.

An informal poll of friends and acquaintances, most of whom are journalists or involved somehow in the leisure industry, also drew a blank. No one could recall any local provincial or national government plans to mark the event by throwing up a monument or burying a time capsule.

Similarly, no one knew of any of the big hotels or resorts along Spain's world-class, sun-splashed coasts or islands announcing they were now taking reservations for their mammoth, once-in-a-lifetime, New Year's Eve 1999 blowouts.

One friend suggested that the Spaniards were still recovering from their banner year of 1992 when the country hosted the Summer Olympics in Barcelona, the Expo '92 World's Fair in Seville, and other events to mark the five hundredth anniversary of Columbus' "encounter" with the New World and could not yet address another significant date.

Never fear, the people who gave us the word *fiesta* and are famed for staging world-class parties like the San Fermín festival in Pamplona will come up with something.

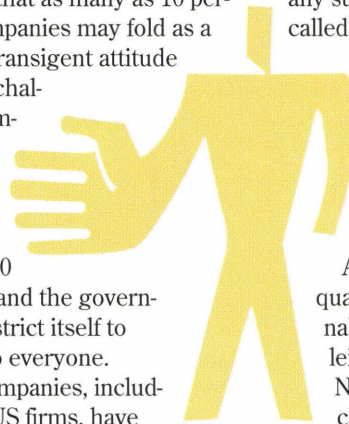
—Benjamin Jones

## HELSINKI

### BUSINESSES PREPARE FOR 2000

**T**he average Finn probably does not expect much more from the beginning of the new millennium than perhaps a fairly handsome hangover on January 1, 2000. But the Finnish business community is focused on the next millennium and the country's future in an ever closer European Union, which will include a single currency.

For Finnish businesses, the year 2000 will mean tougher, global competition, and in order to compete with multinational heavyweights, Finnish companies are merging and forming strategic part-





nerships. Most recently, Merita Bank, Finland's biggest bank, and Nordbanken, the third-largest bank in Sweden, combined forces through a joint holding company, becoming the biggest bank in the Nordic countries. The new venture is expected to include at least one bank from both Denmark and Norway in the near future. Analysts say the partnership is needed to serve the steadily internationalizing Nordic business community as well as to compete with some of the other international banking giants. Furthermore, it appears that this merger might create a chain reaction of mergers. Other Nordic banks as well as insurance companies in the region are intensifying their searches for international and domestic partners.

Another sector where mergers are expected is the forest industry, where Finland traditionally has maintained a very strong position, controlling some 15 percent of the global export of paper and cardboard. The Finnish UPM-Kymmene recently acquired the US-based paper mill Blandin Paper Company, thereby ensuring its world leading position both as a Nordic wood processing company and as a producer of coated paper. A merger with a Swedish competitor, like Stora, is a favorite item for many speculators on the Finnish stock exchange.

Other than the forest industry and Nokia, major world-size corporations are rather scarce in Finland. As a small country, many of Finland's most successful companies are typically niche businesses, like Polar Electronics, makers of heart rate monitors, and Suunto, which produces scuba diving and navigation equipment. Nevertheless, the Finnish business community is enthusiastic about its prospects in the new and improved European single market in the 21st century.

—Thomas Romantschuk

## ROME

### HOLY YEAR 2000

**M**ention the year 2000 to a Roman and chances are he will get a worried expression on his face. This has nothing to do with being superstitious. Nobody in the Eternal City thinks that the arrival of the third millennium will bring about a cataclysm or the end of the world. The worry among Romans has more to do with the magnitude of the celebrations planned for December 31,

1999 because the partying will be twofold in Rome. The year 2000, in fact, will also be the Holy Year. And for this very special jubilee, on which Pope John Paul II lays much importance, the city is being renovated and revolutionized.

Political obstacles have been overcome in order to make Rome—arguably one

of the world's most beautiful cities—even more beautiful. The center-left municipal administration, which is headed by the young and plucky mayor, Francesco Rutelli, is working in total agreement with the Vatican. Their joint objective is not only to clean up the streets and repaint the palazzi. In order to accommodate the millions of believers (who are already making reservations with tour operators and religious organizations that specialize in pilgrimages), the hotel capacity of the city must be increased. At least some of the pilgrims will be hosted in convents and religious institutions, but the rest will have to be divided between hotels and *pensioni*. New hotels are being built, and the existing ones are being renovated, and some others are being "reclaimed." Specifically, the cheap hotels around the central Termini train station, which were rented by the hour to couples in search of a few moments of intimacy, are being transformed into family hotels—to the great satisfaction of the residents of the area.

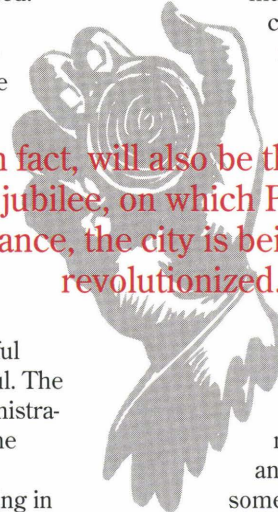
In addition to the accommodation issue, there is the transportation question. City traffic, which is snarled like that of every other large urban center, must be eased so that busses can transit more smoothly on their way to St. Peter's Square. The tranquil and heretofore little-used rail line that goes directly to the Vatican station is being modernized. The subway, which for now consists of only two lines, the red line and the blue line, is being lengthened. The transit authority has announced that the new subway stops will be open by the year 2000. And finally, a much-discussed tunnel is being built under the Tiber River near the fortress of Castel Sant'An-

gelo in front of St. Peter's basilica.

Also, in keeping with the tradition that a truly grand happening requires the construction of some sort of monument, Rome is building an enormous music auditorium with three concert halls, designed by the famous architect Renzo Piano.

This desire to make a good

**The year 2000, in fact, will also be the Holy Year. And for this very special jubilee, on which Pope John Paul II lays much importance, the city is being renovated and revolutionized.**



impression has even managed to defeat the dreaded city bureaucracy. In Rome, new construction that requires any digging inevitably unearths some sort of archeological find, which means the city's superintendent for fine arts intervenes and calls a halt to the excavation. It came as little surprise then, when the ruins of an antique Roman villa came to light on the site of the new auditorium. Other ruins were found in the area near Castel Sant'Angelo where the tunnel is being built. Amazingly, everyone was able to come to an agreement without wasting much time. Renzo Piano modified his project so as to include the villa, making the auditorium even more beautiful. And the route of the tunnel was altered slightly, and the bureaucracy quickly gave its OK, which many Romans consider the first miracle of the Holy Year.

—Niccolò d'Aquino.

## BERLIN

### NEW CAPITAL CITY

**M**ost of the attention surrounding the approach of the new millennium in Germany is focused on the newly elected government's scheduled move to Berlin in 1999, with all its attendant parliamentarians, officials, secretaries, lobbyists, diplomats, and journalists. This largest ever relocation from the shores of the Rhine to the shores of the Spree is expected to boost the morale in Germany's capital city, but it will be costly.

The silver lining on the millennium horizon, however, is the universal world exposition, Expo 2000, which will take place on German soil for the first time.



Beginning in June and running through the end of October 2000 in Hanover, the Expo is being organized around the grand theme: "Humankind, Nature, Technology."

Unlike its predecessors, Expo 2000 will not be a showcase for technical superlatives. Rather, it will demonstrate the opportunities for people to use technology to create a new harmony with nature. Birgit Breuel, commissioner of Expo 2000, says that it "will generate optimism for the new millennium."

But she also hopes that Germany as a whole will benefit from the exposition: "We invest in the future. We invest in the image, and we invest in Germany as in the future. We invest in Germany as an industrial location." She says that the German industry will have a unique opportunity to

present its products to some 40 million visitors and hundreds of millions of television viewers. "German industry will be able to develop new markets and thus create new jobs in Germany," she is convinced. So far, however, German industry has shown little enthusiasm. Expo 2000 has \$173 million worth of contracts, but to break even Breuel needs another \$570 million—with just a little more than two years left to raise it.

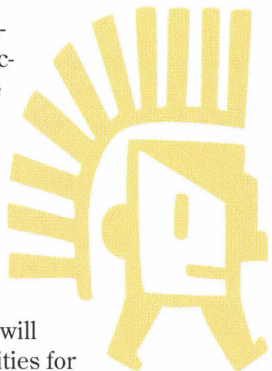
—Wanda Menke-Glückert

## THE HAGUE

### DUTCH MILLENNIUM QUESTION

Three years ago, on the last day of 1994, a leading Dutch newspaper appealed to its readership for proposals to celebrate the next millennium. The only requirement was that the proposals had to contain "intellectual power, sense of beauty, social engagement, and embody a sense of the future."

*NRC Handelsblad*, the newspaper that organized the competition, is a leading Dutch newspaper with a circulation of about 275,000, and many readers hold decision making positions. So it was little surprise that artists, ac-



Within months, more than 400 suggestions were sent in. It turned out to be the beginning of an effort to contribute a lasting memory for the turn of the century in the Netherlands.

demics, public servants, local political leaders, the personnel of museums and corporations presented their proposals for the celebration of the new millennium.

Within months, more than 400 suggestions were sent in. It turned out to be the beginning of an effort to contribute a lasting memory for the turn of the century in the Netherlands.

Some of the proposed ideas were quite creative. Just to mention a few: an elementary school letter writing project on life in previous times; a photo taken of the entire population of a medium-sized city; a worldwide 24-hour television program at the turn of the millennium, a landscape sculpture in the Flevoland *polder* (a Dutch province reclaimed from the sea), the creation of a chain of art festivals in European cities, a minimum wage

project for the entire world population, a project called "The Third Millennium Challenge" aiming to improve the quality of life on earth over the next 1,000 years, and a public library of history. Of course, there were also projects for pyramids, monuments, millennium forests, and so on.

The jury, however, was not impressed. None of the proposed memorials were considered to be so creative or exceptional that they could qualify for the first prize. Five projects were given an honorable mention. For at least three of them (the letter writing project, the picture of the city population, and the landscape sculpture), there are people hopeful that these will be carried out in time, but so far there is no major public millennium project underway.

Computer users, however, are interested in what will happen in the year 2000. But their mood is more trepidation than celebratory because of the problem facing many computers' internal clocks. When the clock strikes 2000, many of the computers, which were programmed with only two digits to denote the year, will "think" the date is 1900, causing havoc for those with date-sensitive applications, such as

billing and scheduling programs. But that is an entirely different millennium question.

—Roel Janssen

## STOCKHOLM

### HIGH-TECH REIGNS

Strolling the narrow, cobbled streets of Gamla Stan, Stockholm's old town, it's hard to remember the millennium is practically here.

Stone buildings line the streets, some dating back to the 12th century. Winding, worn staircases bring visitors down to cozy cellar restaurants that used to be not-so-cozy dungeons. Perched at Gamla Stan's border with downtown Stockholm is the Royal Palace. Designed in 1692, it's practically modern, but the building incorporates parts of the original palace from the early 1100s.

While the streets are lined with shops filled with the latest fashions and modern crystal, centuries slip away in Gamla Stan. The year 2000 might as well be 2000 years away, instead of two.

But in fact, Stockholm is getting the jump on the new century. Gamla Stan's medieval walls hide some of the most modern computer equipment available; the Stockholm Stock Exchange makes its home here, and trades have been completely computerized since 1989. Compared with bourses in Japan or the United States, the Stockholm exchange is silent and paper-free; traders don't even need to go there anymore.

As the millennium approaches, Swedes are among the most wired people in the world. Almost every other household has at least one computer. And Stockholm proudly calls itself "The Nordic Information Technology Capital."

In 1995, Stockholm opened a European contest to select the most far-reaching new information technology project. The contest grew out of the European Union report by Martin Bangemann, *Europe and the Information Society*, and has now gone global. Six months before the turn of the century, in June 1999, Stockholm will host the awards ceremony for the Global Bangemann Challenge.

Mayor Mats Hulth has spurred city schools to make computers available to every student, and the city council has given them the money to do it. Throughout Sweden, the county-subsidized library system offers free Internet services. As for e-mail, Swedes don't ask if



you have it; they ask what your address is. By 2000, it's estimated that 85 percent of Sweden's 8.5 million people will be communicating electronically.

But Stockholm's approach to 2000 goes beyond computers. In 1998, it becomes the Cultural Capital of Europe, and city leaders see the year's events as the kick-off to the millennium.

As the millennium approaches, Swedes are among the most wired people in the world. Almost every other household has at least one computer.



With new productions of some of playwright August Strindberg's works, for instance, arrangers believe they will be bringing the essence of Swedish culture into the next century.

An exhibition on the "Stockholm of the Future," will give visitors a virtual reality taste of how the city will look in 2000 and beyond. Through a series of train rides, participants will be able to travel from the depths of the sewer system of the future to the heights of new skyscrapers, something rarely seen on today's Stockholm skyline.

Still, the cobblestones and cellars of Gamla Stan will remain—and probably be around to usher in 2100.

—Ariane Sains

## VIENNA

### THEME PARK PLANNED

If things go according to plan, Austria will be ushering in the millennium at a new theme park on the outskirts of Vienna. Austro-Canadian auto parts mag-

nate Frank Stronach is the driving force behind plans to build the Vienna Globe Resort Park, which will offer everything from an exhibit on the history of civilization to an environmental institute to horse racetracks.

Right now, the project is wending its way through the government approval process, but Stronach hopes to have enough of the park in place to throw a big New Year's Eve bash on December 31, 1999. "It's getting very tight now, but I'd like to at least have the core completed for a festive party to welcome 2000," he said.

Stronach left Austria at the tender age of 22 and immigrated to Canada, where he established Magna International Inc., now one of the world's leading automobile parts manufacturers. Today the company employs more than 35,000 in Europe and North America and last year posted sales of \$5.5 billion.

Now Stronach spends more than half of his time in Austria, building up the company's European operations.

Although he is an industrialist,

## NEWSMAKERS

### Party On, World! Book Now for the Big One

If you have not made any plans for New Year's Eve yet, you had better hurry. The best party locations are rapidly being booked up. This is not December 31, 1997, I am talking about, you understand, but midnight 1999, when the world will enter not just a new year, or even a new century, but a whole new millennium.

For that New Year's Eve, which is bound to be the bash of the billennium, some farsighted party organizers have been working for years to arrange the ultimate millennium experience. Americans, who know a thing or two when it comes to large-scale, crowd-pleasing entertainment, were among the first to dream up extravagant ways of ringing in the year 2000.

Way back in 1979, businessman Edward MacNally set up the Millennium Society. A non-profit organization, it has used the funds raised by a series of global "Countdown 2000" celebrations, such as a black tie rock'n'roll party at the Hard Rock Cafe in New York, to set up an international scholarship program. For New Year's Eve 1999, the Millen-

nium Society has planned a round-the-clock, round-the-globe billennium-buster. The main party will be at the Great Pyramids of Cheops in Egypt, with other events, all linked via satellite, in such far-flung locations as the great Wall of China, the Taj Mahal in India, the Acropolis in Athens, Moscow's Red Square, and the Eiffel Tower in Paris.

It is going to get pretty crowded in most of those places, no matter how remote some of them sound, because rival party planners have picked out many of the same locations. Mark Mitten from Chicago created a company in 1991 that is registered worldwide without false modesty as "The Billennium: The Official Celebration of the Year 2000." He is planning a three-day rabble-rouser starting on December 30, 1999, with an event in each of the 24 time zones of the planet. Just like MacNally, he has staked out the Great Pyramids, the Great Wall of China, and the Eiffel Tower as prime party locations, as well as other sites like Stonehenge, the Mall in Washington, and the Sydney Opera House in Australia.

Even wider-ranging is the 24-hour, 31-location, globally televised partyathon being orchestrated by Scotswoman Audrey Mason-Wadsworth. Her Glasgow-based charity, the Millennial Foundation, operating in partnership with UNESCO,

is offering 15,000 revelers a choice of some exclusive locations not usually available for parties. They include the palace of Versailles in France and the Hermitage museum in Saint Petersburg. Among the more original millennium sites on her list are Jaipur, the Cook Islands, and Antarctica, but Mason-Wadsworth also plans to break out the bubbly in obvious New Year's hot spots like Paris, Berlin, and Vienna.

No matter which major city you choose for the midnight hour, you will have a wide choice of strangers to kiss when the clocks chime. Most packed of all, with not a hope of elbow room for tooting your horn, will be the traditional places for seeing in the New Year, such as the Brandenburg Gate in Berlin and New York City's Times Square, which will be framed by giant video screens transmitting festivities from all around the globe.

Symbolic sites, like Israel, where Christ was born, and Rome, which will officially commemorate the 2,000 years of Christianity since his birth, will be flooded with partying pilgrims: 40 million are expected in Rome alone.

You might well prefer to distance yourself a little from the happy hordes and observe them from the private sanctum of a hotel room, except that many of



Stronach believes Austria needs to continue to develop its service sector as manufacturing jobs dry up or move east. "A lot of industrial jobs are going to be lost. Specialized tourism and entertainment will increase very strongly."

He hopes to support that trend with development of the 600-acre theme park, which would employ between 3,000 and 3,500 people. It also is expected to create about 10,000 ancillary jobs in the hotel and restaurant industries and in public works. The park is planned for the village of Ebreichsdorf, about 12 miles south of Vienna, an area hard-hit by textile factory closings.

The centerpiece of the park would be a huge globe, towering 460 feet above the Austrian countryside. The inside would house extensive exhibits on the past, present, and future. It also would include scenes from classic fairy tales, an IMAX theater, and a shopping mall complete with restaurants and movie theaters. Outside would be a huge park with hiking, biking, and rollerblading trails and a swimming area. A resort hotel also is in the works.

Stronach, an avid horseman whose horse Dutch Gold won this year's Belmont Stakes, also plans racetracks and a horse museum.

The company estimates that 10,000 to 15,000 people would visit the park each day.

The theme park is expected to cost between \$500–580 million, which Magna would finance out of pocket.

Right now the Ebreichsdorf city council is in the process of reviewing the plans. If the park wins their support, the government in the province of Lower Austria must approve the proposal.

One of the park's supporters is Ebreichsdorf Mayor Josef Pilz, who has visited the Disney theme parks in Paris and Orlando to get a firsthand look at operations. For Pilz, the main reasons for supporting the Vienna Globe Resort Park are the jobs and tax revenues it will generate. He said about 5 to 7 percent of residents "are fearful, but a big majority are for the park."

—Susan Ladika

the best ones are fully booked by now. In the words of one hotel owner in Edinburgh, where the irrepressible boss of Virgin, Richard Branson, is promising the biggest street party in the world: "Getting a luxury stay fixed at this stage is going to mean stepping into dead men's shoes."

The Marriott Marquis Hotel on Times Square took its first millennium deposit in 1983, two years before it started being built. The Concorde Hotel in Paris has every one of its 2,500 rooms reserved for the big night, and only a few beds are still available at the Regent Hotel overlooking the Sydney Opera House, at the Savoy in London, the Ritz in Madrid, and other top hotels around the world.

Another option is to turn the night into a moveable feast. Tour operators everywhere are tripping over each other to find the most innovative millennium travel packages. The UK based Millennium Train Company, directed by Simon Pielow, will take about 800 passengers each onboard two Eurostar trains running in opposite directions between London and Paris. The festivities include a gourmet dinner, top-name musicians, magicians, and astrologers, culminating in a secret but guaranteed "spectacular" event at midnight, deep beneath the English Channel.

Concorde, under the joint direction of British Airways and Air France, will transport another lot of travelers high above the Atlantic and, as the only passenger plane that can outstrip time, it will give them the unique opportunity to catch midnight three times: once before leaving Europe, again in mid-flight, and finally, upon landing in the US.

The international jet set, who does this kind of thing more regularly than the rest of us, are zeroing in on the South Pacific as *the* place to greet the new millennium in style. After partying among the palms in Tonga, they can fly back a day across the International Date Line and do it all over again in Western Samoa.

Chatham Island off New Zealand has been identified as the first piece of land to glimpse the sun on January 1, 2000. It is a pretty desolate, stony spot, but that has not stopped travel companies from turning it into a popular millennium destination. Equally unaccustomed but eager to welcome flocks of tourists is Gisborne City, New Zealand, which lays claim to being the first town to see the sun rise.

Australia also counts among the first locations to see the turn of the millennium, and since its capital Sydney will host the Olympics in 2000, it looks likely to attract its share of true party animals, with the stamina to avoid being sober for

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months on end. To set the tone for the good times, a huge bachelors and spinsters ball is being organized on the city's Bondi beach. It will be a strictly black-tie affair, i.e. that and nothing else.

If you really do, somehow, want to get away from it all, or at least usher in the new era in relative peace and quiet, you can spend millennium eve at the ancient capital of the Incas, in Machu Picchu, Peru, or ride a camel to a Bedouin tent party in the Egyptian desert. More remote still is the vantage point Commander Jagindar Singh of Quest Tours in India has picked out for millennium eve. He will take a small group of people up one of the southern ridges of the Himalayas, where they will camp and wait for the dawn. "You can see it very early from such a height," he explains, "probably at 4 am. There won't be any noise or crowds, just the sun rising over India. It will be beautiful."

Probably one of the more solitary, exceptional ways of marking the dawning of the year 2000, will be just to stay at home in front of the television. But think of your grandchildren. When they ask you where you spent the most momentous night in a thousand years, you had better be able to tell them: "At the party of the century!"

—Ester Laushway



# ARTS & LEISURE

## ARTS

### Lorenzo Lotto: Rediscovered Master of the Renaissance

National Gallery of Art, Washington, DC until March 1, 1998

The work of Renaissance painter Lorenzo Lotto (c.1480–1557) might well have languished, scattered among churches and private collections and overshadowed by his more famous contemporaries Titian and Raphael, were it not for the discovery of the artist's detailed account book and a 19th century American art historian. The story of Lotto's "rediscovery" and the quality and variety contained in the enigmatic Italian artist's works are sure to fascinate visitors to the National Gallery's exhibit *Lorenzo Lotto: Rediscovered Master of the Renaissance*.

Born and trained in Venice at the height of the Renaissance, Lotto achieved great success relatively early in his career. Around 1508, he was awarded a commission to paint in the papal apartments of the Vatican palace. But his

work, unlike that of Raphael, appears not to have pleased Pope Julius II. Lotto then left Rome and spent most of the rest of his career working on commissions in northeastern Italian towns until he finally died, unmarried and in relative obscurity.

In 1895, the importance of Lotto's work was brought to the attention of the art world by Bernard Berenson, an expatriate American art historian who published a thesis claiming the artist's oeuvre was much larger than originally thought. Using Lotto's paintings and personal documents, including the artist's account book, the *Libro di Spese*, which revealed a minutely detailed record of his experiences, commissions, and expenses, Berenson portrayed the artist as a deeply religious and somewhat lonely painter.

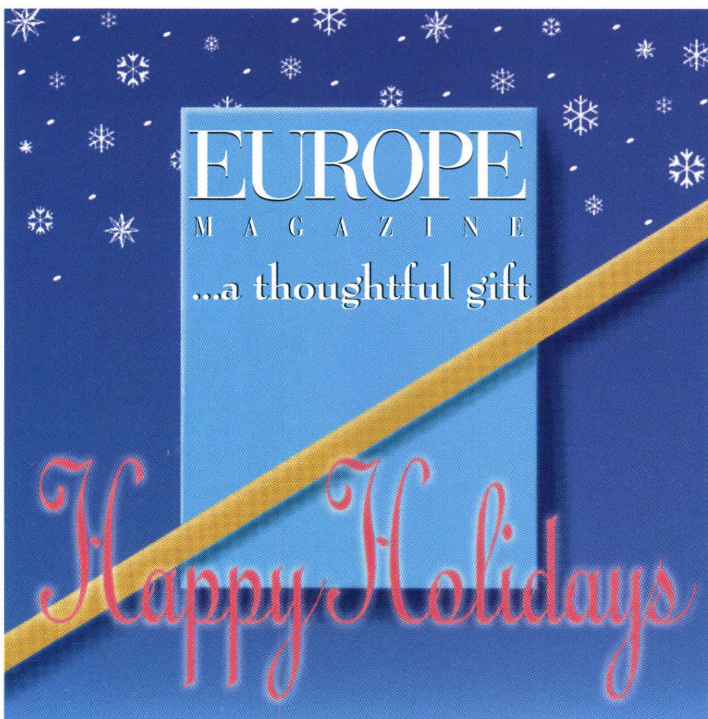
Lotto's work includes devotional images, altarpieces, portraits, and allegories. Although his subjects, by and large, adhered to familiar genres, Lotto's approach to painting was somewhat unconventional. As David Allan Brown, the National Gallery's curator for Italian Renaissance painting, writes in the exhibition catalog, "It is not only the bright

color and smooth surfaces of Lotto's works that set him apart from other 16th century Venetian painters. His attentiveness to detail is also fundamentally opposed to Titian's goal of pictorial unity, yet it is just this aspect of his work that speaks to 20th century viewers."

Indeed, some of the most intriguing aspects of Lotto's work are the paintings in which he appears to use such details to impart a message to the viewer. In *Portrait of a Married Couple* and *Portrait of a Lady as Lucretia*, he paints his subjects holding a message written on a piece of paper. In others, the message is a bit more disguised, as in *Three Views of a Goldsmith*. Previously, it had been thought to depict the faces of three brothers. Art historians later concluded, however, that Lotto had portrayed three visages of the same subject as a play on the name of the man's native city—Treviso, which translated from the Italian *tre visi* means three faces.

This, the first major US exhibition of Lotto, includes 50 works and moves to Bergamo in April and Paris in October.

—Peter Gwin



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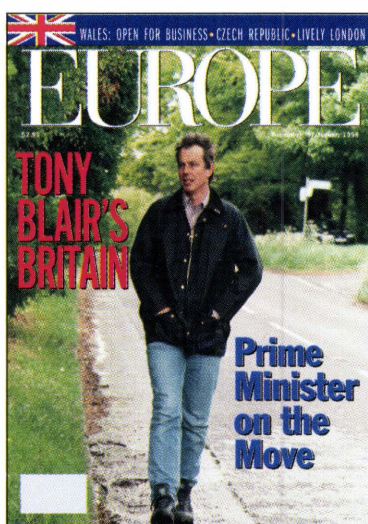
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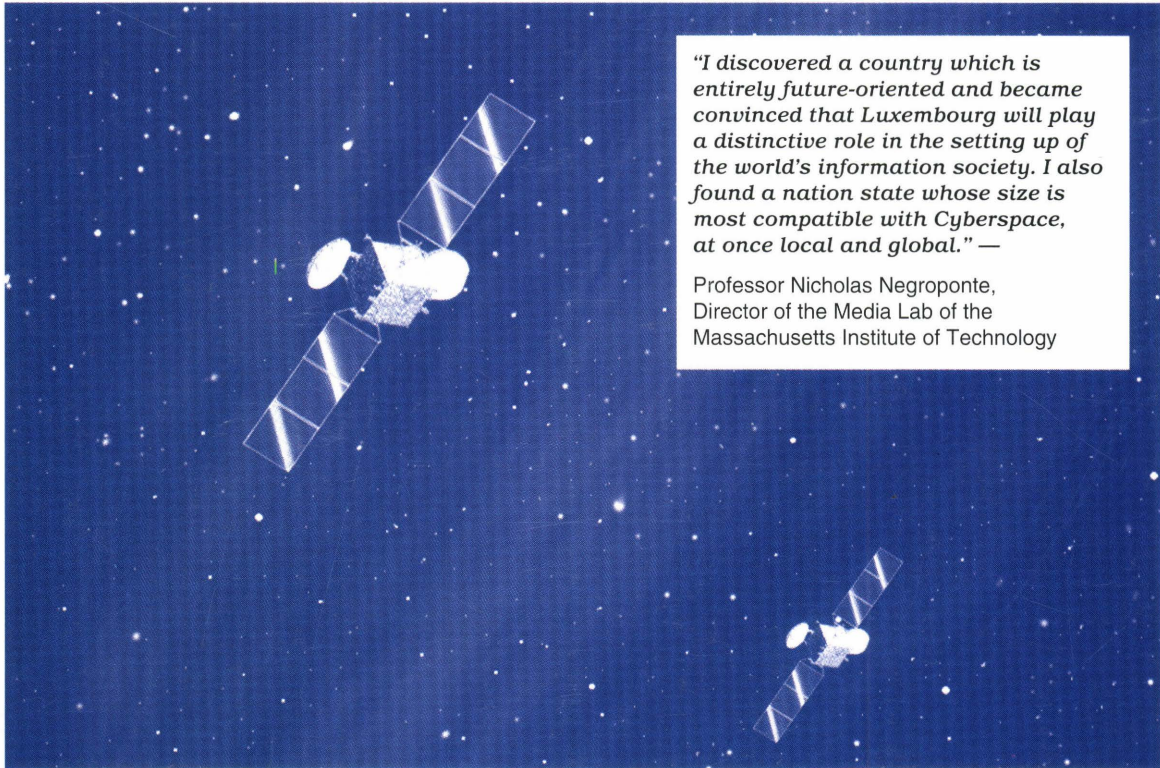
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